Canada. Energy, mines and resources
dept.
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FROM THE OFFICE OF
THE MINISTER OF ENERGY, MINES AND RESOURCES
OTTAWA, CANADA

September 20, 1968.

The Government has instructed Atomic Energy of Canada Limited to discontinue its studies in relation to the proposal for construction and operation in Canada of an intense neutron generator.

The intense neutron generator (ING) proposal was first submitted for government consideration in August 1966. It subsequently was referred to the newly-formed Science Council of Canada for review. The Science Council recommended general approval in principle but made it clear that this approval was subject to the availability of federal government funds and confirmation, through further studies, of the feasibility of the project.

It was estimated that construction of the ING facility would take seven to eight years, at a capital cost of approximately $155 million (in 1966 dollars). Annual operating cost thereafter would have been between $15 and $20 million.

The intense neutron generator was conceived as a machine which would produce an extremely high intensity of neutrons. While primarily intended for fundamental research, it was hoped that a number of other uses could be developed including the production of radioactive isotopes for medical, industrial and other applications, and the advancement of research and development in the field of nuclear power.

In view of the very high cost of ING (it would have been by far the largest and most expensive single scientific project ever funded by the federal government), its relationship on the priority scale to the very many other demands on the national treasury, and the necessity the government faced to curtail expenditures, it has been decided that the funds required for the intense neutron generator cannot be provided at this time.

In accordance with the government decision, AECL will phase out its ING studies and experiments, including those under contract with universities, industry and consultants, by the end of the current fiscal year.

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Energy, Mines and Resources Canada — Énergie, Mines et Ressources Canada

INFORMATION EMR•Ottawa K1A 0E4

news release

NUCLEAR CONTROL ACT TABLED

OTTAWA--New legislation governing all aspects of nuclear energy in Canada, including new provisions for public hearings and public information on nuclear matters, was introduced for first reading in the House of Commons today by Energy, Mines and Resources Minister Alastair Gillespie.

The three-part Nuclear Control and Administration Act is intended to replace the more than 30-year old Atomic Energy Control Act.

The new legislation clearly separates responsibilities for health, safety, security and environmental matters from those having to do with commercial and promotional roles. The former are covered by Part I of the new Act, to be administered by the Atomic Energy Control Board (AECB) under a new name, the Nuclear Control Board (NCB).

As permitted by the division of the new Bill, it is proposed that the NCB will report to Parliament through the Minister of State for Science and Technology.

The Minister of Energy, Mines and Resources will retain the responsibility for commercial and promotional matters covered under Part II of the Act.

Part III of the new legislation covers offences and punishments as well as transitional provisions and consequential amendments to other Acts. Among other things, it increases the maximum penalty on conviction for contravention of the Act to a fine of $250,000 or imprisonment for a term of five years, or both.

Under the new Act, the Nuclear Control Board will be a strong, independent agency with a clear responsibility for health, safety, security and environmental concerns relating to nuclear energy. The actual mention of the Board's responsibility for health and environment in the nuclear context is one of the significant differences between the new legislation and the current Atomic Energy Control Act.

The highlights of Part I of the new Act make provisions for the NCB to:

- serve as a source of public information on health, safety and environmental aspects of nuclear energy;
- hold mandatory public hearings with regard to construction licences for major nuclear facilities such as mine-mill complexes, nuclear reactors, heavy water plants and nuclear waste management facilities;
- have discretionary power to hold public hearings on other matters within its jurisdiction;
- publish notices of receipt of licence applications and subsequent licensing actions;
- make available for public inspection all documents (unless specifically exempted) submitted by applicants and licensees;
- establish a stronger and more comprehensive compliance function including statutory powers for inspectors, regional offices and laboratories;
- have the power, if and when necessary, to assume responsibility for cleanup of contaminated areas;
- administer a decontamination fund built up by prescribed payments by licensees and to be used for non-recoverable expenses incurred in decontamination activities;
- have an increased membership (a maximum of nine rather than five members); and
- have more comprehensive regulation-making powers.

The responsibility for administration of commercial and promotional matters will be exercised by the Minister of Energy, Mines and Resources under the provisions of Part II of the new Bill.

Commercial and promotional matters include the production and marketing of equipment to use radioactive nuclides and radiation for medical, industrial and agricultural purposes; design, engineering, construction and marketing of reactors; design, construction and operation of facilities for the production, refining, processing, application and use of prescribed substances; marketing of prescribed substances; and the development of technology for all of the aforementioned.

Provisions of the old Act which essentially remain unchanged in the Bill describe the commercial and promotional power of the Minister, his authority to establish corporations, and the authority for the Governor-in-Council to make regulations. As a result of the separation of the control function from the commercial and promotional aspects, Part II of the Bill includes new provisions authorizing the Minister to regulate and engage in such commercial and promotional activities; to issue and/or revoke licences for such activities; and to set terms and conditions for those licences.

Under the Bill, the Minister will have the power to order research into nuclear energy and prescribed substances*; to use or assist others in using nuclear energy and prescribed substances; and maintain liaison with foreign or domestic agencies and governments on the production, use, control, application and research into nuclear energy and prescribed substances.

In addition, the Minister is given the powers to explore for the prescribed substances; acquire, lease, loan or sell prescribed substances, nuclear facilities or any deposits; and use, sell or collect royalties or payments on inventions, discoveries or patents.

Among other things, the new provisions of Part II of the Bill will provide a better opportunity to regulate the growth and development of the uranium industry so as to ensure adequate supplies of uranium for domestic customers over the long term.

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*see background paper, page 3, for prescribed substances definition

The new Bill will also clarify and strengthen, where appropriate, the commercial mandate of Crown corporations such as Atomic Energy of Canada Limited and Eldorado Nuclear Limited, to ensure that they will be able to meet their increasing responsibilities in the future. A new provision will also clarify the Minister's authority to expropriate land and the procedures for doing so.

"The Atomic Energy Control Act has served us well for 30 years", said Mr. Gillespie.

"Rapid growth and the increasing complexity of the nuclear industry, both nationally and internationally, have overtaken the existing legislation which was created in the immediate post-war period when interests and priorities were very different.

"The new Bill gives the federal government the necessary legislative and regulatory authority to deal effectively with all the present and forecast issues associated with the nuclear industry in Canada, while providing adequate means for public participation in the decision-making process with respect to nuclear energy".

REVISIONS TO THE ATOMIC ENERGY CONTROL ACT
A BACKGROUND PAPER ON
THE NUCLEAR CONTROL AND ADMINISTRATION ACT

The existing Atomic Energy Control Act was enacted in 1946. The only substantive revision was made in 1954 when the powers set out in Section 10 were transferred from the Board to the Minister.

The Act was originally introduced for the purpose of controlling and supervising the development, application and use of nuclear energy and to permit Canada to participate effectively in programs for international control of nuclear energy. At that time the major concern, both nationally and internationally, was the control of strategic and security aspects of nuclear energy. In addition, the Act made provision for the carrying out of a number of commercial and promotional activities in the nuclear energy field by federal Crown Corporations.

It has been apparent for some time that the Atomic Energy Control Act required a major overhaul to deal effectively with the complexities of today's nuclear industry. In July 1976, a special task force was created to recommend changes in the legislation. These changes were approved by the Government and have been incorporated in the Bill which has been tabled for first reading in the House of Commons.

The Bill is entitled the Nuclear Control and Administration Act, and under its provisions the name of the regulatory body is changed from the Atomic Energy Control Board to the Nuclear Control Board.

Those regulatory powers of the Atomic Energy Control Board under the existing Atomic Energy Control Act and Regulations related to health, safety, and security aspects of nuclear energy and prescribed substances are to be vested in the

Nuclear Control Board. To clarify the Board's regulatory and compliance responsibilitis, those powers will be augmented to include environmental aspects. The Bill grants te Board licensing powers and imposes a prohibition on persons constructing or operatig nuclear facilities, or processing or using prescribed substances without a licence from the Board.

The Nuclear Control Board is to be more independent and removed from ar involvement in promotional and commercial aspects of the nuclear industry. To achiev this independence and objectivity in the regulatory body, the government has proposed th following revisions:

i) that the revised Act be divided into two parts: Part I dealing with control of health, safety, security and environmental aspects of nuclear energy; and Part II dealing with commercial and promotional aspects of the use and development of nuclear energy;

ii) that different Ministers be assigned responsibility for Part I and Part II;

iii) that the Nuclear Control Board established Under Part I cease to be a corporation and be reconstituted along the line of the Canadian Transport Commission and the C.R.T.C., but retaining the current Board's status as a separate employer;

iv) that the scope of the directive power over the Nuclear Control Board (see Section 7 of the Atomic Energy Control Act) be limited to policy directives of the Governor-in-Council that are made public.

PART I

<u>SECTION 20</u> The objects of the Board within its area of jurisdiction are set out in the Bill as follows:

(a) to regulate, control and supervise the development, production, possession and use of nuclear energy, prescribed substances, prescribed equipment and prescribed technology in order to

   i) ensure the preservation of the health and safety of persons and to protect the environment from the hazards associated with the production, possession and use of prescribed substances;

ii) maintain national security;

iii) ensure that nuclear energy and prescribed substances will be used only for peaceful purposes; and

iv) ensure compliance with measures of international control undertaken by Canada; and

b) to act as a source of information for the public on health, safety and environmental matters related to nuclear energy.

ECTION 2 The term "nuclear facility" is redefined in the new Bill to include the efinition now found in the Atomic Energy Control Regulations and expanded to clearly nclude uranium and thorium mines and mills. The definition will also refer to plants for he separation of deuterium (as well as its "production"), and the aspects of processing, andling, storage, and disposal of radioactive waste.

SECTION 2 A "prescribed substance" is defined as uranium, thorium, all elements of atomic number greater than 92, deuterium, their respective derivatives and compounds, radioactive nuclides, and any substances that are designated by regulations made under Part I as being capable of releasing nuclear energy or as being requisite for the production, use or application of nuclear energy.

SECTION 21 The health, safety, security and environmental aspects of nuclear energy, the materials required for its use, and the possession and use of radioactive isotopes are to be regulated by a single control agency, the Nuclear Control Board.

The work of the Atomic Energy Control Board over the years had been made difficult by the absence in the statute of clear-cut responsibilities over which the Board was to exercise its control and supervisory role. This became more awkward as the role of the Board changed with the expansion of nuclear activities from a strategic materials control organization to a regulatory body having responsibilities for the health, safety and

physical security of nuclear energy activities coupled with the traditional responsibiliti of other federal and provincial government departments in the field of occupational heal and safety, environment and security.

Although the Board will have primacy in the regulation-making ar administration of regulations pertaining to the health, safety, security and environment aspects of the nuclear fuel cycle including prescribed substances and nuclear facilitie the Act will recognize the mandates of other federal departments. Departments such a Health and Welfare, Environment, and Labour will exercise their mandate roles an responsibilities, conducting basic research and developing standards which will, afte inter-departmental consultations, be incorporated into regulations under the Nuclea Control and Administration Act. The responsibility for enforcement of thes recommendations and for ensuring compliance will be that of the Nuclear Control Board.

For example, it is contemplated that Health and Welfare will conduct basi research and develop standards as they relate to human health and that Environment wil develop standards or control requirements for the release to the environment o radioactive and non-radioactive toxic materials and heat which may be produced from any Board-licensed activity.

SECTION 26 The Bill will permit the Board to establish research programs to obtain independent scientific, technical, and other information and advice that it considers necessary for the discharge of its responsibilities.

SECTION 58 Except as the Board may otherwise order, Part IV of the Canada Labour Code will apply to occupational health and safety of workers in the operation of any nuclear facility, while radiation hazards in such facilities will be regulated by the Board.

ECTION 22 AND 23 The Board is to have statutory authority pertaining to the health, afety, security and environmental aspects of nuclear energy to license all persons, ncluding federal and provincial Crown corporations, agencies and departments, that are ngaged in nuclear activities, or that process and use prescribed substances. This is to nsure that federal or provincial government departments and agencies engaged in nuclear ctivities will be regulated by the Nuclear Control Board from the standpoint of health, afety, security, and environmental impacts to the same degree as a private person ngaged in similar activity. The declaration of nuclear facilities as "works and ndertakings for the general advantage of Canada" is carried over from the existing Act.

Section 9, (c) of the existing Act is extended to include mining, milling, storage and disposal of prescribed substances. The Bill will provide statutory authority to regulate uranium and thorium exploration and mining processes in so far as these matters may concern health, safety and environmental aspects beginning at the first stage at which significant adverse effects on people or the environment become possible.

SECTION 31 The Bill provides authority for the Board to license the construction and operation of nuclear powered ships in Canada and the visits of foreign nuclear powered ships to Canada.

SECTION 24 The new Bill will permit the Board to establish regional offices anywhere in Canada and to develop laboratory facilities, regional or centralized, in support of its regulatory duties.

SECTION 37, 38 AND 39 The Board would have the authority to appoint inspectors for ensuring compliance with conditions of licences and permits issued by the Board. It will provide inspectors with broad powers to enter premises, examine records and samples, close, and order the clean-up of radioactively contaminated premises.

Such statutory authority will facilitate cooperative attempts to deal wi residential radioactive contamination problems such as have occurred in Port Hope, Elli Lake and other communities.

The Board would be permitted to examine and certify operators of facilitie and to train and certify inspectors for all areas where radiation may cause a health ar safety problem.

The Bill would permit the Board to enter into agreement with any person c with any department or agency of the federal government, or the government of an province to provide inspection and compliance services. Such an agreement may cover th designation, training, certification and employment of inspectors, and the matter o financial assistance or participation in costs and expenses will be evaluated in each cas as required.

SECTION 56 The Bill will permit the Board to make regulations enabling it to invoke, o adopt, or incorporate by reference, general or specific laws of a province that it deem necessary or appropriate. It will also empower the Board to incorporate conditions in the licences that it issues under the Bill, requiring compliance with provincial laws.

SECTION 32 The Board would be enabled to hold public hearings on any matter falling within its jurisdiction, in order to carry out its objectives. Furthermore, to reflect public and political attitudes, the Bill will make it mandatory for the Board to hold public hearings in connection with the issue of a licence to construct a major nuclear facility such as a uranium mine, mill or processing plant, a nuclear reactor of power greater than 1 megawatt thermal, a spent reactor fuel reprocessing plant, a radioactive waste management facility, a uranium enrichment plant, or a heavy water plant.

SECTION 27 The Act defines the Board's public contact role, the objective being to have the Board develop a public information function capable of acting as a source of reliable, independent, public information on health, safety and environmental concerns respecting nuclear energy activities.

SECTION 36 The revised Act would require the Nuclear Control Board to make available for inspection by the public all documents in the possession of the Board that are not exempted from disclosure by the regulations. The Act will also permit an applicant for a licence to request the Board not to disclose any information that he submits to the Board, and will give power to the Board to grant such request on being satisfied that disclosure of the information to which the request relates is not required in the public interest, or would unduly impair the competitive position of the person making the request.

SECTION 35 Information that will be exempt from disclosure by regulation has not yet been fully defined, as are all other regulations to be made under the Bill, but will be published in the Canada Gazette at least 90 days prior to coming into effect. This will provide all persons concerned with an opportunity to review and comment.

Such information as trade secrets; commercial or financial and privileged or confidential internal memoranda and correspondence; information relating to individual persons, personnel files, information relating to safeguards practices or physical security measures of licensees; and information from various governments or other sources received as "confidential", will probably be exempted from disclosure in accordance with the current government policy outlined in Cabinet Directives 45 and 46.

SECTION 50 The new Bill will contain provisions imposing a strict liability on persons who knowingly have in their possession any prescribed substance that causes radioactive contamination; costs of clean-up will be assigned on the "polluter pays" principle.

SECTION 51 - 55 The Bill would create a Radioactive Decontamination Fund, to b established in the Consolidated Revenue Fund, and to be administered by the Board. Th Board will have power to make regulations prescribing which licencees pay into the Fun and the amounts to be paid. The Board anticipates detailed discussions with industry an the provinces before setting out the fee schedule. If responsibility for contaminatio cannot be assigned, then the Radioactive Decontamination Fund will be used to cove costs and expenses.

SECTION 56 The Bill is to provide authority for the Board to make regulations for a system of perpetual care of abandoned or obsolete nuclear facilities and waste disposal sites. At present the Board is not authorized to deal with unlicensed facilities or abandoned operations such as exist in the uranium mining industry where bankruptcies or ore depletions have caused mining firms to close down or cease to exist as a corporate entity. It is expected that regulations in this area will only be made after extensive discussions.

PART II

The provisions of this section of the Act are, in general, a continuation of the existing responsibilities of the Minister of Energy, Mines and Resources for the commercial and promotional aspects of the development of nuclear energy.

In addition, where necessary, some new clauses have been included in the Bill so as to clarify some of the provisions and resolve some of the problems that have been encountered by those charged with administering the Act in the past.

SECTION 62 AND 63 Among the provisions of the Atomic Energy Control Act which in substance will remain unchanged, are the following clauses:

A) Section 10 (1), which describes the commercial and promotional powers of the Minister. As a consequence the Minister may, subject to the regulations:

1) undertake or initiate research on nuclear energy and prescribed substances and related technology;

2) utilize and assist others in the utilization of nuclear energy and prescribed substances;

3) undertake activities relating to

   i) production and marketing of prescribed substances,

   ii) the design, manufacture and marketing of equipment for the utilization of radioactive nuclides and radiation for medical, industrial and agricultural purposes,

   iii) the design, engineering, construction, operation and marketing of nuclear facilities, and

   iv) the design, engineering, construction, operation and marketing of facilities for the production, refining, processing, application and use of prescribed substances.

4) cooperate and maintain contact with agencies in other countries, international agencies or with any department or agency of the Government of Canada or of any province on matters related to the production, use, application and control of, and the conduct of research with respect to, nuclear energy and prescribed substances;

5) explore for prescribed substances;

6) acquire or cause to be acquired by purchase, lease or expropriation or by any other means, prescribed substances, nuclear facilities or any deposit or any right or interest in any such deposit or prescribed substances;

8) acquire or cause to be acquired by purchase, lease or by any other means any patent rights relating to nuclear energy and prescribed substances; and

9) permit the use of or sell or otherwise dispose of

   i) any discovery or invention,

   ii) any improvements in any process, apparatus or machine, or

   iii) any patent rights relating to nuclear energy, nuclear facilities or prescribed substances and collect royalties and fees thereon any payments therefor.

SECTION 65

(B) Section 10 (2), also essentially unchanged in the new Bill will give the Minister the authority to establish corporations to exercise or perform the powers set out in section 19 (1) of the old Act, so that with the approval of Governor-in-Council the Minister may:

1) procure the incorporation of corporations under the Canada Business Corporations Act,

2) assume the direction and control of bodies corporate whose shares are owned by Her Majesty in right of Canada,

3) procure the incorporation in Canada of holding corporations, and

4) authorize a corporation to incorporate or otherwise establish subsidiary corporations.

SECTION 67

(C) Section 9 which gives the Governor-in-Council the authority to make regulations will also be continued, hence regulations may be made under the new Bill:

1) to encourage and facilitate research and investigations with respect to nuclear energy and prescribed substances;

2) respecting the development, production, use and application of nuclear energy and the exploration for, extraction, mining, milling, production, importation, exportation, refining, processing, possession, ownership, use, sale, lease, loan or other disposition of prescribed substances;

3) prescribing classes of contracts entered into by corporations for which approval by the Governor-in-Council is required;

4) respecting information relating to nuclear energy and prescribed substances;

5) prescribing classes of persons who are exempt from the application of subsection 66 (1);

6) prescribing the procedure to be followed for the issuance, amendment, renewal, suspension or revocation of a licence and the terms and conditions that may be attached to such a licence; and

7) generally for carrying out the purposes and provisions of Part II.

ECTIONS 61 AND 62 As a result of the separation of the regulatory authority from the ommercial and promotional aspects, the following provisions appear in Part II of the Bill:

a) provision authorizing the Minister to regulate and engage in commercial and promotional activities, and

b) provisions giving the Minister authority to issue and/or revoke licences in respect of commercial and promotional matters and to prescribe terms and conditions that may be attached to such licences.

SECTION 64 AND 65 In order to clarify provisions or resolve problems that have been encountered by those responsible for the administration of the Act, the following provisions will appear for the first time in the Bill:

a) clarification of the authority and procedures contained in the current Act to expropriate land,

b) clarification of the status and powers of the corporations that have been created under section 10 (2) of the current Act, or that may be established pursuant to the Bill when it is enacted, and

c) clarification through regulations of the authority of a corporation created pursuant to the old or new Act to enter into contracts.

PART III

Among other revisions to the Act which are not included in but which will apply to both Parts I and II, the penalty section has been revised to provide for more flexibility with respect to penalties, and for higher maximum penalties which are more in keeping with the gravity of some of the offences covered by the Bill.

SECTION 68 Upon summary conviction, persons guilty of contravening regulations of the Act will be liable to a fine of $1,000 - $10,000 and/or imprisonment of up to two years. This is an increase from fines less than $5,000 and/or two years detention provided for under the old Act. Conviction on indictment penalties have been increased from a fine of less than $10,000 and/or imprisonment of up to five years to the proposed penalty of a fine of $1,000 - $250,000 and/or detention of up to five years.

The penalty for summary convictions contravening Sections 10 (eligibility or conflict of interest), 43 (witholding information from Board inspectors) and 44 (obstruction of Board inspectors) has been proposed as a fine up to $5,000 and/or six months imprisonment.

Illegal possession of fissionable substances will become an indictable offence and convicted persons will be liable to imprisonment for up to 10 years.

The remainder of Part III of the Bill deals with consequential amendments to other existing legislation and sections facilitating the transition from the old Act to the one proposed and repeal of the old Act.

The Nuclear Control and Administration Act will come into force on a day to be fixed by proclamation.

Energy, Mines and Resources Canada | Énergie, Mines et Ressources Canada

From the Office of the Minister

9/54

NATURAL GAS EXPORT PRICE INCREASED

The Minister of Energy, Mines and Resources, the Honourable Ray Hnatyshyn, announced today that the price of Canadian natural gas exported under current licences will be increased to \$2.61 (U.S.) per gigajoule (\$2.80 U.S. per MMBtu) from the existing \$2.14 (U.S.) per gigajoule (\$2.30 U.S. per MMBtu).

This price increase, which goes into effect on August 11, 1979, would provide approximately \$440 million (U.S.) additional revenue annually from natural gas exports, assuming the current level of exports is maintained. It would bring the total value of natural gas exports to about \$2.5 billion (U.S.) annually.

In February of this year, the National Energy Board recommended to the Governor-in-Council that the export price be increased to the current level of \$2.30 (U.S.) per MMBtu to reflect the first of a four-stage increase in the price of imported crude oil announced on December 16, 1978 by OPEC. The Board's recommendations contained in that report were based upon the assumption that the crude oil price increases would be implemented in an orderly manner as announced.

Subsequent and unforeseen OPEC oil price increases had the effect of moving forward to April 1, 1979 the last stage price increase originally scheduled for October 1, 1979. In addition to the formal OPEC increases, most OPEC members have, since February, been charging various premiums or surcharges over and above the official selling prices. The result has been a substantial increase since February in the cost of Canada's crude oil import requirements, which is not reflected in the current gas export price.

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The increase which the Minister announced today does not take account of the most recent OPEC price actions. As required under the National Energy Board Act, the Board will assess the impact of these OPEC increases on the actual cost of crude oil imports into Canada as soon as their effect can be measured, and will report further to the Governor-in-Council.

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July 13, 1979

Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

COMMUNIQUE

82/92
June 18, 1982

SUN DAY SUPPORTED BY EMR

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today announced that "Sun Day", June 21 is being supported by a $10,000 contribution from Energy, Mines and Resources.

Sun Day, a national event promoting the use of solar energy, involves organizations across Canada. The over-all co-ordination of the program is handled by the Sun Day National Working Group with headquarters in Ottawa. EMR, along with other government departments and private agencies, will be providing financial assistance to the group to offset the costs.

"June 21 is a most appropriate choice for this event since this day is our summer solstice, the day when the sun shines the longest," Mr. Lalonde said. "The day's activities are aimed at raising public awareness and interest in solar energy. While solar energy can provide many real benefits, I believe many Canadians are not fully aware of how it works and how it can best be used. I am hoping that Sun Day can help answer these questions and encourage Canadians to find out what solar energy can do for them."

Mr. Lalonde also noted that the National Energy Program leads the way towards a greater role for renewable energy options, including solar. "It provides incentives to use these resources, both within the comprehensive off-oil effort and within the framework of new or enriched programs."

Events scheduled across the country include visits to several solar projects built under the federal Purchase and Use of Solar Heating (PUSH) Program, including the solar water heating installation at Dorval International Airport, Montreal, and the Recreation Association Centre's solar-heated swimming pool in Ottawa. Among the many other programs planned are the serving of a solar-cooked lunch in Vancouver, as well as public debates and discussions on solar energy in almost every province.

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Canada

"I am looking forward to Sun Day's activities and wish the organizers every success in carrying out the various events," Mr. Lalonde added.

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For further information, contact: Jack Cole
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See attached list of federal assistance programs to the solar industry.

FEDERAL ASSISTANCE TO THE SOLAR INDUSTRY

Program of Assistance to Solar Energy Manufacturers (PASEM)

This $5 million program completed in 1981, was run by the Department of Public Works and provided assistance to solar equipment manufacturers to develop products and marketing capabilities.

Purchase and Use of Solar Heating (PUSH)

The ongoing PUSH program is also run by the Department of Public Works and has provided approximately $20 million for the installation of heating equipment in federal and Crown Corporation buildings. A total of $18 million has been budgeted for PUSH expenditures in 1982-83.

Program of Accelerated Demonstration of Solar Domestic Water Heating

This program administered by EMR is providing $5.4 million toward the installation and monitoring of residential solar water heaters.

Conservation and Renewable Energy Demonstration Agreements (CREDA)

Of the $113 million committed federally to these cost-shared agreements with most provinces, it is expected approximately 10 to 20 per cent will be spent on solar energy demonstrations. This program is run by EMR and provides funds for the demonstration of innovative conservation and renewable energy technologies.

Solar Research and Development

The National Research Council provides about $10 million each year to develop promising solar technologies.

Industry Association Assistance

Both EMR and Public Works provide funding for projects carried out by the Canadian Solar Industries Association.

Solar Industry Support

Industry Trade and Commerce and the Canadian International Development Agency have programs to aid product development and foreign market development.

Energy, Mines and Resources Canada — Énergie, Mines et Ressources Canada

From the Office of the Minister

80/7

INCREASED PRICES FOR NATURAL GAS

The Honourable Ray Hnatyshyn, Minister of Energy, Mines and Resources, today announced increased prices for natural gas in domestic and export markets.

The Toronto city gate price of natural gas will rise by 15 cents to $2.30 per million British thermal units (Btu) on February 1, 1980, under terms of the existing Canada-Alberta Agreement on natural gas pricing. The agreement has now been extended to July 31, 1980. The terms of the agreement stipulate that the domestic natural gas price will increase one month after any scheduled increase in the wellhead price of crude oil. The domestic oil price rose by $1 to $14.75 a barrel on January 1, 1980.

The Minister also announced that natural gas destined for export markets will be priced at US $4.47 per million Btu effective February 17, 1980, up from US $3.45, for all licences except sales of gas under Licence GL-29. Licence GL-29 applies to the market in northern Minnesota, where the price of competing fuels dictates a lower export price. The government has accepted the National Energy Board's recommendation that the new export price for Licence GL-29 should be US $3.65 per million Btu. Present pricing arrangements will continue for peaking contracts.

The Minister noted that the latest increases will result in additional annual revenues of $985 million, based on the maintenance of exports at 1978-79 levels. The total value of natural gas exports will be approximately $4.3 billion annually, he said.

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January 21, 1980

Government of Canada   Gouvernement du Canada

news release

82/93

Date June 18, 1982

For release Immediately

ENERGY CORPORATION ESTABLISHED

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, and Senator Hazen Argue, Minister of State responsible for the Canadian Wheat Board, announced today that, following Parliamentary approval, the Co-operative Energy Corporation (Co-Enerco), an association of co-operative financial and marketing institutions that will actively participate in the Canadian oil and gas industry, will be established. Bill C-116, the proposed legislation which deals with the creation of Co-Enerco, has passed second and third reading in the House of Commons and will now move on to the Senate.

"This new co-operative will play a vital role in achieving the goals of the National Energy Program by providing a new source of funds to the petroleum industry, new investment opportunities to individual Canadians, and an increase in the share of the oil and gas industry that is owned by Canadians," Mr. Lalonde said.

Members of the co-operative system will participate through three newly-created organizations:

- the Co-operative Energy Corporation (CEC), a holding company;
- the Co-operative Exploration and Development Corporation (CEDC), a company that will become active in oil and gas exploration and development;
- the Co-operative Energy Investment Fund (CEIF), a trust fund.

Up to $100 million in funds will be provided by the Government of Canada over the next five years to match investment funds generated by participating co-operative organizations. To date, the co-operatives have committed $57.8 million, which is being matched immediately by the federal government.

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"In the past, co-operatives have had relatively little participation in oil and gas exploration investments, and Co-Enerco, in combination with the new resource development regime now in place, and the agreements with the producing provinces, will provide them with opportunities to make extremely attractive investments in oil and gas," Mr. Argue said.

The following are the co-operative organizations participating in the venture: the Alberta Wheat Pool, B.C. Central Credit Union, Canadian Co-operative Credit Society Limited, Co-op Atlantic/Co-op Atlantique, Coopérative Fédérée de Québec, Co-operative Fire and Casualty Company, Co-operators Insurance Association, Co-operators Life Insurance Company, Credit Union Federation of Alberta Limited, Federated Co-operatives Limited, Fédération des Caisses Populaires Acadienne, Manitoba Pool Elevators, Newfoundland and Labrador Credit Union Limited, Nova Scotia Credit Union League, Saskatchewan Co-operative Credit Society Limited, Saskatchewan Wheat Pool, United Co-operatives of Ontario, CUMIS Life Insurance Company, CUMIS General Insurance Company, and Prince Edward Island Credit Union League Limited.

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For further information, please contact: Margaret Nevin
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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/94
June 21, 1982

CANADA – PRINCE EDWARD ISLAND SIGN ENERGY AUDIT FUNDING AGREEMENT

OTTAWA – The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, and the Honourable Barry R. Clark, Minister of Tourism, Industry and Energy for the Province of Prince Edward Island, announced today the signing of a Canada-Prince Edward Island Agreement for funding of the National Energy Audit Program (NEAP), as part of the National Energy Program.

The program will be funded on an 80/20 cost-sharing basis: the Canadian government will contribute $1.5 million, the Prince Edward Island Government, $375,000. The Agreement, which terminates March 31, 1984, will be directed by a joint federal/provincial management committee. The program will be administered, promoted and monitored by Prince Edward Island.

NEAP provides several services designed to promote energy conservation by industrial, commercial and institutional organizations and assists in improving their energy efficiency. "Energy conservation is integral in achieving one of the principal goals of the National Energy Program: energy self-sufficiency for all Canadians," noted Mr. Lalonde.

The principal service offered under NEAP is the energy audit vehicle known as the Energy Bus. An idea conceived and developed in Canada, the Energy Bus is equipped to perform free on-site energy audits. Aided by special computer programs, the audit team analyzes energy use patterns and pinpoints areas for potential energy savings.

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Canada

Under the original Canada-Prince Edward Island Agreement on Industrial Conservation which began in March, 1977, 660 energy audits were conducted on Island businesses and institutions. The total savings identified by the audits represents 4.6 million gallons of oil per year.

Grants are also available to private sector companies and institutions requiring the services of professional consultants in developing and implementing energy conservation plans relating to potential energy savings identified by the energy audit.

Seminars and workshops on energy conservation tailored to the specific needs of a group or region are also provided.

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For further information contact:

J.H. Hooke
EMR Canada
(613) 995-9447

or

Laura Mair
Dept. of Tourism, Industry & Energy
Charlottetown, P.E.I.
(902) 892-7411

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/100
July 5, 1982

CHIP NOW AVAILABLE IN NOVA SCOTIA AND PRINCE EDWARD ISLAND

OTTAWA--The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, announced today that the Canadian Home Insulation Program (CHIP) is being extended to Nova Scotia and Prince Edward Island.

CHIP provides taxable grants of up to $350 for approved insulation materials, including weatherstripping, caulking and vapour barriers, plus one-third of the cost of contracted labour, up to a maximum of $150, to install these materials. Homes of three storeys or less built before January 1, 1977, are eligible for CHIP grants in Nova Scotia and Prince Edward Island.

In these two provinces, CHIP replaces the Home Insulation Program (HIP), a federal government program, which ended on December 31, 1981. The new insulation program will be retroactive to January 1, 1982 and will end March 31, 1983. Homes which received HIP grants will not be eligible under CHIP, which will be administered by Canada Mortgage and Housing Corporation (CMHC).

"Although approximately 90 per cent of eligible homes in Nova Scotia and Prince Edward Island received HIP grants prior to the program's termination on December 31, 1981," Mr. Lalonde said, "it is important to do everything we can to maintain energy conservation efforts and to have a federal insulation program available in all parts of Canada."

HIP paid more than $76 million in federal funds to householders in Nova Scotia and Prince Edward Island. This covered 200,700 dwellings in Nova Scotia and 29,100 in Prince Edward Island.

Approximately 40,000 dwellings in Nova Scotia and 1,500 in Prince Edward Island will be eligible under CHIP. Projected expenditure until March 31, 1983 is $5.2 million.

Under CHIP, new to Nova Scotia and Prince Edward Island householders, Mr. Lalonde said, is the requirement that insulation firms must be listed under the National Certification Listing Program for Residential Insulation Contractors. The program was established in November, 1981 by the Canadian General Standards Board (CGSB) to ensure good value for the consumer's insulation dollar.

- more -

Canada

Contractors listed in the program certify to their clients that their quality of insulation workmanship meets a CGSB standard. CHIP does not allow claims for labour costs unless the material has been installed by a listed contractor. CGSB listed contractors are also available to consumers who wish to undertake insulation work that does not qualify for CHIP grants.

Also new to these provinces under CHIP is that storm doors and windows will not be eligible materials as they were under HIP.

Mr. Lalonde stressed the need for householders to plan comprehensive home energy measures. "Don't concentrate only on attic insulation", he said, "but investigate air tightening and basement insulation as high priorities." He suggested also that measures not covered under CHIP, such as better furnace maintenance and lower thermostat temperatures, can achieve significant home energy savings.

Today's announcement follows Mr. Lalonde's March 23, 1982 decision to change the eligibility date for CHIP from January 1, 1961 to January 1, 1971 in most provinces.

There are now 5.7 million homes across Canada eligible for CHIP assistance. Of these, more than 1.2 million have received CHIP or HIP grants.

For more information, contact:

Rick McKenzie
Administrator
Canadian Home Insulation Program
Ottawa
(613) 995-1118
or
Telephone Halifax (902) 453-2421
Toll free: 1-800-565-7627
from P.E.I. or outside Halifax

or

Jean Garneau
Conservation and Renewable Energy Office
Halifax
(902) 426-8600

82/100 (a)

PRESS BACKGROUNDER

HOW CHIP DIFFERS FROM HIP

The Home Insulation Program (HIP) was introduced in Nova Scotia and Prince Edward Island on January 1, 1977 to encourage householders to reduce oil consumption for space heating as a means of offsetting the impact of higher energy prices in those two provinces. HIP terminated on December 31, 1981.

Because Nova Scotia and Prince Edward Island still rely on costly imported oil for electrical power generation, Energy, Mines and Resources Minister Marc Lalonde recently announced that householders in both provinces who were eligible for HIP grants but failed to take advantage of the program during its five-year existence will now be eligible for grants under the Canadian Home Insulation Program (CHIP).

In both provinces, CHIP will provide taxable grants of up to $500 to improve insulation in homes of three storeys or less built before January 1, 1977. CHIP is now available in all provinces and territories in Canada. CHIP regulations are somewhat different in several respects than those known to consumers under HIP.

Under CHIP, storm doors and windows are not eligible. A recent HIP evaluation showed that such installations provide relatively low energy savings.

Another difference is that CHIP does not allow claims for costs to install eligible insulation materials unless the work is done by a Canadian General Standards Board (CGSB) listed contractor.

The vast majority of insulation firms are both capable and honest, but there have been cases of poor workmanship and even outright fraud.

To help ensure good value for the consumer's investment dollar, the CGSB has established a certification program for insulation contractors. The contractors listed in the CGSB program certify to their clients that the quality of their insulation workmanship meets CGSB standard number 51-GP-41 of the National Certification Listing Program for Residential Insulation Contractors.

CGSB listed contractors are by no means restricted to CHIP applicants. CGSB listed contractors are also available to consumers undertaking non-grant related insulation work.

Homeowners who intend to apply for CHIP and have a contractor install the materials, should verify the firm's listing number by calling the nearest CHIP office.

The CGSB program is one way of reducing the problem of poor quality work done by insulation contractors, but householders should keep in mind that other tools exist to minimize investment risks.

Consumers should check with the Better Business Bureau and the provincial Department of Consumer Affairs. Both keep records of complaints they receive. It is also advisable to compare cost estimates, warranty protection and contractor's reputation.

While consumers should always watch out for high pressure sales techniques it is also wise to monitor the insulation work while it is being done and to ask the contractor questions, should the need arise. Before insulating, householders should plan their home's energy savings by filling in the free Ener$ave energy analysis questionnaire. For a copy, call the Ener$ave HEATLINE toll free at 1-800-267-9563.

Another important factor under CHIP is that the grant is taxable; HIP grants were not taxable.

The grant structure for work done by a contractor is also different under CHIP.

Under HIP, an applicant could receive one-third of the total labour and material costs up to $500 if he or she used a contractor or 100% of the costs of materials, up to $350 if he or she did the work. CHIP provides taxable grants of up to $350 for approved insulation material including weatherstripping, caulking and vapour barriers, plus one-third of the cost of contracted labour to install these materials, up to a maximun of $150, for a possible total of $500.

The grant amount is dependent on housing type as shown in the following table.

TABLE OF GRANTS FOR DIFFERENT HOUSING TYPES

Type of Dwellings	Materials 100% to a maximum of (per unit & insulated)	Labour 1/3 to a maximum of (per unit insulated)	Maximum Total (per unit insulated)
Detached, semi-detached or row units (including mobile home units)	$350	$150	$500
Units in apartment buildings of 3 storeys or less, containing 6 units or less. This includes duplexes	$200	$ 85	$285
Units in apartment buildings of 3 storeys or less containing more than 6 units	$150	$ 65	$215
Bedrooms in non-profit hostels	$ 70	$ 30	$100

During the five-year existence of HIP, the Government of Canada paid more than $76 million to householders in Nova Scotia and Prince Edward Island. Owners and occupants of 200,700 dwellings in Nova Scotia and 29,110 in Prince Edward Island received grants under HIP for a combined participation rate of about 90%. Projected expenditure under CHIP until March 31, 1983 is $5.2 million.

According to a HIP evaluation, 79% of the grants in Nova Scotia were for single detached homes, 8% for mobile homes and 5% for apartments. The estimated average decrease in fuel consumption of these insulated dwelling units was between 7 and 11%.

The same evaluation shows that those who spent more on home insulation material also tended to save more, and householders who insulated above grade walls saw their heating bills drop by as much as 20%.

Consumers who wish to apply for CHIP in Nova Scotia and Prince Edward Island should write or call:

Suite 212, 7001 Mumford Road
Halifax, Nova Scotia
B3L 4N8

Telephone	Halifax (902) 453-2421
Toll free:	1-800-565-7627 for calls from P.E.I. and outside Halifax.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/103
June 30, 1982

FIRE PROGRAM GRANT ANNOUNCED

OTTAWA – The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, announced today that the City of Montreal will receive a federal contribution of up to $1,616,100 under the Forest Industry Renewable Energy Program (FIRE).

The FIRE program was introduced in July, 1978 to provide an incentive to the forest industry to use wood waste as a source of fuel. A total of $288 million has been made available for the period ending March 31, 1986 to provide grants of up to 20 per cent of the cost of capital equipment.

The City of Montreal plans to invest more than $8.3 million to convert its existing municipal waste incinerator to recover heat and supply steam for commercial and industrial customers through a district heating system. On completion, the project is expected to save 11,835 cubic metres (68,590 BOE – Barrels of Oil Equivalent) of no. 2 fuel oil per year.

The National Energy Program has predicted a large and expanding role for renewable energy. The Government of Canada believes that economic realities now favour a range of renewable energy options. The FIRE program grants will provide further incentives for the commercial use of renewable energy resources.

As announced in the National Energy Program, FIRE has been expanded and includes, in addition to wood residues, such fuels as municipal and agricultural wastes, peat, and other forms of biomass. Support is also being extended to cogeneration systems designed to produce two or more forms of energy simultaneously, such as steam and electricity. Industrial, commercial, institutional, and other organizations which use a significant amount of energy may qualify for FIRE grants.

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For further information contact:

Subhash C. Junéja
FIRE Program
Energy, Mines and Resources Canada
(613) 995-9447

or

Claude Desjardins
Economic Development Commission (CIDEM)
City of Montreal
(514) 872-3405

Canada

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/105
July 7, 1982

ENERGY SECURITY LEGISLATION APPROVED BY PARLIAMENT

OTTAWA – The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, announced today that Parliament has given final approval to the last of the Government's eight energy bills aimed at providing energy security for Canadians.

"Parliament has provided the legislative certainty and stability the oil and gas industry needs to develop Canada's energy supplies in the 1980s," Mr. Lalonde said. "At the same time, this package of legislation will help Canada become self-sufficient in oil by 1990."

The Minister praised the many Members of Parliament and Senators who contributed to the efficient and effective parliamentary consideration of the legislation.

The approved legislation includes a bill that establishes the Petroleum Incentives Program (PIP) and the Canadian Ownership Rate and Control Status (COR/CS) programs aimed at increasing the role played by Canadians in the oil and gas industry.

Mr. Lalonde presented the first PIP cheque in the amount of $8.8 million to Ranchmen's Resources (1976) Ltd. on July 5. The payment to the Calgary-based, Canadian-owned company represented 80 percent of the costs incurred by Ranchmen's in the drilling of five wells off the Labrador coast during 1981.

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"Since the legislation was introduced on April 7th," said Mr. Lalonde, "dozens of witnesses have appeared before the House and Senate committees which examined the bills. For the most part, I found their suggestions useful. In fact, the Government accepted 50 amendments to the eight bills."

The major amendments, in order of significance, are:

– Changes to Bill C-108, where the Government agreed to a six-month delay in the coming into force of the provisions affecting power lines. This would give the two principal provinces concerned, Quebec and Newfoundland, time to increase their efforts to reach an agreement to allow Newfoundland to transmit hydro-electric power through Quebec to the United States;

– An amendment to Bill C-104, the PIP/COR/CS legislation. The Government changed the legislation, giving the right to judicial review by the Federal Court of Appeal to any person affected by certain determinations made by the Minister under that legislation;

– Changes to Bill C-106, the legislation that provides authority to the Petroleum Monitoring Agency. The amendment enables a parliamentary committee to automatically review the legislation after five years;

– Amendments to Bill C-102, the Department of Energy, Mines and Resources Act amendments, and Bill C-103, the Petroleum Administration Act amendments, to include an affirmative/negative resolution procedure. The procedure allows Members of Parliament the opportunity to endorse or revoke orders of the Government authorizing the creation of new energy Crown corporations or the spending of monies from the Canadian ownership account;

– Amendments to Bill C-103, the Petroleum Administration Act amendments and Bill C-108, the National Energy Board Act amendments, to provide a more restrictive definition of petroleum products in order to exclude substances not suitable for energy uses;

– Changes to Bill C-102 were allowed to ensure that if any new energy Crown corporation creates a subsidiary, that subsidiary can only engage in activities in which its parent could engage;

— Amendments to Bill C-108, the National Energy Board Act amendments, to provide that all temporary members of the Board be restricted from holding any office or employment inconsistent with his or her duties under the Act; and

— An amendment to Bill C-108, the National Energy Board Act amendments, to ensure that the authority granted to the National Energy Board to suspend or revoke export licences for reasons of convenience or public necessity would not apply to electricity exports.

The Minister said the remainder of the amendments to the eight bills were mostly minor or technical in nature and were made to clarify the meaning of certain provisions or to remove inconsistencies.

In addition, although no amendment to the legislation was required, the Minister announced, during his appearance before the Senate Committee on Banking, Trade and Commerce, that the Government had decided to accede to the requests of the Air Transport Association of Canada and to refund the transportation fuel compensation recovery charge levied between May 1981 and January 1982 on exported aviation fuel used by Canadian air carriers, thereby treating Canadian air carriers in the same manner as foreign carriers.

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For further information, please contact:

A. Treusch
(613) 593-5252
or
C. Verdon
(613) 996-9533

BACKGROUNDER

AMENDMENTS TO ENERGY SECURITY LEGISLATION

BILL C-102:

- Clause 1, subsection 6(7): This new subsection was added in order to ensure that no subsidiary incorporated by a corporation established under Bill C-102 can engage in an activity other than one in which its parent corporation may engage.

- Clause 1, new section 7: This section makes the creation of new Crown corporations pursuant to Bill C-102 subject to a procedure of negative or affirmative resolution. This procedure is as follows:

  - The Order subject to the procedure of negative/affirmative resolution is laid before Parliament not later than the fifteenth sitting day of Parliament after it is made.

  - The Order comes into force on the twentieth sitting day of Parliament after it has been laid before Parliament unless before that time a Motion to the effect that the Order be confirmed (affirmative resolution) or revoked (negative resolution) is filed with the Speaker of the House of Commons.

  - A Motion for negative resolution can only be filed if no Motion for affirmative resolution has been filed. It requires the signature of not less than thirty Members of the House of Commons.

  - A Motion for affirmative resolution is filed by a Minister.

  - Where a Motion for affirmative resolution is filed, if the House does not adopt the Motion, the Order is revoked.

- Where a Motion for affirmative resolution is adopted by the House the Senate will have an opportunity to look at the Order. If the Senate concurs with the House, the Order will come into force. If the Senate does not concur with the House, the Order is revoked.

- Where a Motion for negative resolution is filed, if the House adopts the Motion, the Order is revoked.

- Where a Motion for negative resolution is filed, if the House does not adopt the Motion the Order comes into force on the fifth sitting day after the failure of the House to adopt the Motion unless before that day a Motion to the effect that the Order be revoked is filed with the Speaker of the Senate. The Motion must be signed by not less than fifteen Senators.

Where there is a dissolution or prorogation of Parliament, an Order that has been laid before Parliament, but that has not come into force, is revoked.

BILL C-103:

- Clause 39, section 65.27: This section makes the decision to spend monies from the Canadian Ownership Account to increase Canadian public ownership of the oil and gas industry in Canada subject to a procedure of negative or affirmative resolution by Parliament. The procedure is the same as the one, already described, which appears in Bill C-102.

- Clauses 11, 38 and 44: These amendments will ensure that only asphalt, a lubricant or a substance resulting from the processing of hydrocarbons or coal, which is a suitable source of energy by itself or combined with something else, be designated as a petroleum product, thereby limiting the definition of petroleum product originally contained in the Bill.

BILL C-104:

- Subclause 30(4): This subclause provides that the Federal Court of Appeal has jurisdiction under section 28 of the Federal Court Act to review a determination made by the Minister under subclause 30(1). Under subclause 30(1), the Minister may, in certain circumstances, refuse to make any incentive to an applicant or reduce the amount of incentive applied for or, in the case of a recipient, notify that person that he is not entitled to the incentive made to him or that the amount thereof is reduced.

- Clause 59: This clause provides that the Federal Court of Appeal will have jurisdiction under section 28 of the Federal Court Act to review a determination or redetermination by the Minister under subsection 39(2), 44(1) or 53(1) of the Bill. Subsection 39(2) deals with the determination of the Canadian ownership rate or the Canadian ownership rate and control status in respect of which a certificate was applied for. Subsection 44(1) allows the Minister to redetermine the Canadian ownership rate or control status or both of a person to whom a certificate that is no longer in effect was issued where the Canadian ownership rate or control status or both of that person differed from that stated in the certificate by reason of certain circumstances such as, for example, when the certificate was issued on the basis of an erroneous determination or false or misleading information or if the determination was not made in accordance with the Act or the regulations to the prejudice of the person to whom the certificate was issued. Under subsection 53(1) the Minister may determine or redetermine the Canadian ownership rate of an applicant where artificial transactions have been entered into.

BILL C-106:

- Clause 42: This clause provides for the automatic referral of the Act, for review and report, to a Committee of the House of Commons that normally considers oil and gas matters, following the fifth anniversary of the coming into force of the Act.

BILL C-108:

- Subclause 2(3): This subclause provides that temporary members of the National Energy Board shall not during their tenure of office accept or hold any office or employment inconsistent with their duties under this Act.

- Clause 26: This clause excludes licences for the exportation of power from the scope of the amendment that will give the National Energy Board the power to revoke or suspend a licence if the Board is of the opinion that the public convenience and necessity so requires.

- Clause 31: This clause limits the scope of the definition of oil or gas product by limiting it to substances resulting from the processing of hydrocarbons or coal if such substance is asphalt or a lubricant or is a suitable source of energy by itself or when combined with something else.

- Clause 33: This clause ensures that the amendments related to power lines will not come into force prior to the expiration of six months after the date of assent of this Act.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/106
July 5, 1982

RANCHMEN'S RESOURCES RECEIVES $8.8 MILLION IN FIRST PETROLEUM INCENTIVES CHEQUE

OTTAWA – The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today presented the first payment under the Petroleum Incentives Program (PIP) to John McDonald, Chairman and President of Ranchmen's Resources (1976) Ltd., a Calgary-based, Canadian-owned company.

The $8.8 million payment represents 80 per cent of the costs incurred in 1981 by Ranchmen's Resources in the drilling of five wells in the Labrador offshore. The company has a working interest in the Labrador Group, which is actively drilling off the Labrador coast. The other companies in the Group include Petro-Canada, Gulf Canada Resources Inc., Canterra Energy Limited, AGIP Canada Limited, Suncor Inc., Amerada Minerals Corp. and Total Petroleum (N.A.) Limited.

"This first payment is proof positive of the commitment on the part of the Government of Canada to ensure that Canadian companies join in exploration and development activity in the Canada Lands," Mr. Lalonde said. "And because the petroleum incentive payments are up-front money – cash for work done – they encourage participation by smaller, aggressive Canadian companies that might have limited cash flow."

The payment of the first PIP cheque became possible following the enactment of legislation which replaces previous tax-related support for exploration with direct cash payments, thus opening the door for many more companies to engage in exploration than under the former regime.

PIP provides incentive payments of between 25 and 80 per cent of eligible exploration and development costs, depending on the degree to which a company is Canadian-owned and controlled. Because Ranchmen's Resources has a high level of Canadian ownership, it is receiving maximum incentive funding.

To support exploration and development, the Government of Canada will make available nearly $2 billion in incentive funds for the 1981 and 1982 calendar years. A parallel incentive program administered by the Alberta Government will encourage exploration in that province.

"The Petroleum Incentives Program is a vital component of the National Energy Program, and as such, will contribute substantially to our goal of energy security for all Canadians," Mr. Lalonde concluded. "In addition to providing unprecedented opportunities for Canadian companies to engage directly in exploration and development activity, PIP will provide indirect benefit through the economic spin-offs created by Canadian onshore support industries."

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For further information, contact: Nancy Hughes-Anthony
Assistant Director-General,
Case Assessment - Petroleum Incentives Program
Petroleum Incentives Administration
(613) 996-2611

82/106 (a)
July 5, 1982

RANCHMEN'S RESOURCES CHEQUE BACKGROUNDER

The Petroleum Incentives Program (PIP) is designed to replace the former tax-based incentive system, which consisted of depletion and super-depletion allowances. Under the old system, which is being phased out, depletion allowances permitted deductions from taxable income of 33.3 per cent of exploration, development and other specified costs in addition to normal full deduction of those costs. As well, super-depletion, which was phased out in the spring of 1980, allowed an additional deduction of two-thirds of drilling expenses for wells costing more than $5 million.

This tax-based incentive system tended to provide maximum benefit to larger, often foreign-owned companies that had substantial amounts of taxable income against which to write off their allowances. The result was to inhibit the growth potential of relatively small Canadian-owned and controlled companies that had demonstrated the most aggressive performance with respect to percentage of cash flow invested.

PIP is designed to encourage exploration and development activity, particularly by these small Canadian-owned and controlled companies, and is, therefore, a key element of the National Energy Program (NEP). It pays up to 80 per cent of actual exploration expenditures depending on the following factors:

- the degree to which a firm is Canadian-controlled;
- the amount of Canadian ownership;
- where the activity is taking place;
- the period during which the activity occurred;
- the type of expenses incurred.

Under PIP, there are four levels of incentive payments for exploration in the Canada Lands. For example, for 1981 expenditures, companies with a Canadian Ownership Rate (COR) of less than 50 per cent, regardless of whether or not they are Canadian-controlled, will receive 25 per cent of eligible exploration and development costs. For the rest, which are Canadian-controlled, those with a COR of between 50 and 59 per cent will receive 35 per cent; those with a COR of between 60 and 64 per cent will receive 65 per cent; and firms with a COR of 65 per cent or more will receive the maximum of 80 per cent of eligible exploration and development costs.

It is important to note that regardless of ownership and control status, PIP provides a basic payment of 25 per cent of eligible exploration expenditures to any company incurring costs in the Canada Lands. This is to ensure that foreign-owned companies can participate in oil and gas exploration and development activity with every prospect of a fair return on investment.

PIP also provides cash incentives for exploration and development activities on the lands within the provinces except Alberta. A parallel incentives program for Alberta exploration is administered directly by the Alberta Government.

The Canadianization component of the NEP has strengthened the ability of Canadian firms to participate in the national effort to find and develop new supplies of oil.

More and more Canadian firms are becoming involved in vigorous exploration efforts in the Canada Lands through acquisitions and mergers, participation in joint ventures and "farm-ins" on prospective oil and gas lands controlled by foreign-owned firms.

The nearly $2 billion available under PIP for incentive payments during the 1981-1982 calendar years will provide important assistance to exploration offshore, and for oil and gas exploration and development elsewhere in the country.

Companies requiring application forms or assistance may contact the following Petroleum Incentives Administration offices:

Petroleum Incentives Administration
Department of Energy, Mines and Resources
P.O. Box 4516, Station E
Ottawa, Ontario
K1S 5B5
(613) 996-2611
Telex: 05-33971
Telecopy: (613) 996-0684

Petroleum Incentives Administration
Department of Energy, Mines and Resources
Room 332, Federal Building
220 4th Avenue S.E.
Calgary, Alberta
T2P 3L7
(403) 231-5005
Telex: 03-821226
Telecopy: (403) 231-5011

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/107
July 7, 1982

NEP UPDATE MEASURE REDUCES WESTERN OIL SHUT-IN – $500 MILLION ANNUAL IMPORT SAVING POSSIBLE

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, announced today that Irving Oil Ltd. has agreed to purchase more than five thousand cubic metres per day of light Alberta crude oil over the July, 1982 to June, 1983 period for its Saint John, New Brunswick refinery.

This oil, which will displace some of Irving's offshore crude supply, will be delivered via the Interprovincial Pipe Line system to Montreal and then by Canadian-flag tanker to the company's Saint John refinery.

Mr. Lalonde noted that this transaction will have a significant favourable impact in reducing potential shut-in volumes of Canadian crude over the next year. He expressed the view that the shut-in situation will improve further as the measures announced in the NEP Update have time to take effect. These measures would:

- restrict crude oil imports to those volumes under term contracts necessary to preserve continued access to offshore oil;
- adjust the method of the calculation of the Oil Import Compensation Program flat rate to ensure that it is more responsive to offshore oil prices paid by Canadian importers;
- initiate a program to purchase some additional volumes of western Canadian crude oil for storage; and
- provide in special circumstances, financial support to assist the movement of western crude oil to eastern Canada via exchanges with U.S. refiners.

- more -

Mr. Lalonde said that, "at present prices, the savings to Canada in oil import costs from the Irving purchase would aggregate more than $500 million over a period of one year."

The NEP Update specified, as one of the measures to reduce possible future shut-ins of western Canadian crude oil, that the Government of Canada would be prepared to consider financial assistance to refiners for oil exchanges which would increase the market for western oil. Under the arrangement with Irving Oil, this measure is being extended to cover reasonable costs incurred by the company in moving the oil beyond Montreal. It will permit western Canadian crude to land at east coast refineries at a competitive price.

Mr. Lalonde indicated that discussions are also underway with other refiners east of Montreal with respect to financial assistance for similar transactions.

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For further information, contact: R. Priddle, ADM Petroleum
(613) 995-9351

Government of Canada / Gouvernement du Canada

news release

82/111

Date: July 16, 1982
For release: Immediately

CO-ENERCO BEGINS OPERATIONS WITH $116 MILLION IN FEDERAL AND CO-OP FUNDS

SASKATOON -- The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, Senator Hazen Argue, Minister of State for the Canadian Wheat Board, and Vern Leland, Chairman of the Board of the Co-operative Energy Corporation (CO-ENERCO) today signed a "Certificate of Commencement" signifying the beginning of CO-ENERCO operations in oil and gas exploration and development.

CO-ENERCO brings together a number of co-operative financial, agricultural, service and marketing institutions that will participate in the Canadian oil and gas industry.

"Our signatures on this certificate mark the beginning of unparalleled opportunities for the co-operative system to become directly involved in finding new supplies of oil and gas in order to help Canada attain self-sufficiency," Mr. Lalonde said. "And, of course, this participation will make a substantial contribution to the Canadianization objectives of the Government of Canada. It's particularly appropriate that this ceremony should take place in Saskatoon, where the co-operative movement has always had such deep historical roots."

Over the next five years up to $100 million in funds will be provided by the federal government to match investment funds contributed by participating co-operative organizations.

Through CO-ENERCO, which recently received Parliamentary approval, members of the co-operative system will become involved in oil and gas exploration and development through three organizations:

- the Co-operative Energy Corporation (CEC), a holding company;
- the Co-operative Energy Development Corporation (CEDC), which will be dedicated to exploration and development; and
- the Co-operative Energy Investment Fund (CEIF), an energy-based trust fund.

- more -

"I am pleased to note that the co-operatives in this system have already committed nearly $58 million in funds, an amount that has been matched by the Government of Canada," Mr. Argue said. "These funds will enable CO-ENERCO to establish an immediate and significant presence in the oil and gas industry."

Mr. Leland noted that nine million Canadians belong to co-operatives or credit unions with a total $45 billion in assets – a strong indicator of the confidence that Canadians have in the co-operative approach to investment. "This new co-operative will undoubtedly provide the small investor the means by which to invest in Canada's promising energy future," he said.

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For more information, please contact:

Margaret Nevin, Press Secretary
to the Honourable Marc Lalonde
(613) 593-5252

or

Jim Johnson
CO-ENERCO
(403) 269-8522

82/111 (a)
July 16, 1982

CO-ENERCO BACKGROUNDER

In March 1980, representatives of the Government of Canada and a group of Canadian co-operative organizations met to discuss the possibility of a joint venture in energy. The co-ops would aim to raise a significant amount of capital up to $1 billion from individual co-op members and from institutional co-op investors such as wheat pools, retail co-ops and credit unions. The federal government would provide part of the start-up capital in order to put the venture on its feet quickly and to provide an extra measure of security.

Negotiations were completed on December 17, 1981, with the signing of an agreement-in-principle which was later tabled in the House of Commons. The Co-operative Energy Act, which established CO-ENERCO, unanimously passed the House of Commons on June 18, 1982, and received Royal Assent on July 7, 1982; it was proclaimed on July 9, 1982. The closing ceremony, involving the signing of the "Certificate of Commencement", takes place in Saskatoon today.

CO-ENERCO (the Co-operative Energy Corporation) is a holding company whose only shareholders are the participating co-ops and the federal government. Two other organizations are involved in the joint venture.

The Co-operative Energy Development Corporation (CEDC) will be an operating oil and gas company. It can participate in the full range of activities open to all petroleum companies. Initially it will be a wholly-owned subsidiary of CO-ENERCO, but it will offer shares to the public and will eventually be majority-owned by its shareholders. It is expected that many shareholders will be co-op members.

The other new organization will be the Co-operative Energy Investment Fund (CEIF). Like CEDC, the Fund will be controlled by CO-ENERCO. It will sell units to the public through the credit unions and invest in energy companies. Although the activities of the Fund will be less visible than the activities of the operating oil and gas company, CEDC, it too will increase the level of Canadian ownership in the expanding energy sector.

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The federal government will match on a dollar-for-dollar basis the contributions of the participating co-operative organizations to provide the start-up capital of CO-ENERCO to a limit of $100 million. This level of financial commitment is made in recognition of the estimated potential of $1 billion for investments in the petroleum industry by the co-ops and their members.

Twenty co-op organizations have so far committed nearly $58 million to CO-ENERCO's capital. The federal government will make a matching contribution immediately. Further contributions to bring the total federal involvement up to $100 million will be made as further commitments are made by the co-ops. The co-ops can, if they wish, buy out the federal government's interest in CO-ENERCO at a later date.

The federal government appoints three members to the 13-member Co-operative Energy Board of Directors. A 15-member Board of Co-operative Energy Development Corporation includes representatives from the government, co-ops and energy sectors. Control of the venture rests firmly in the hands of the co-ops.

The following are the co-operative organizations participating in CO-ENERCO: the Alberta Wheat Pool, B.C. Central Credit Union, Canadian Co-operative Credit Society Limited, Co-op Atlantic/Co-op Atlantique, Coopérative Fédérée de Québec, Co-operative Fire and Casualty Company, Co-operators Insurance Association, Co-operators Life Insurance Company, Credit Union Federation of Alberta Limited, Federated Co-operatives Limited, Le Fédération des caisses populaires acadiennes limitée, Manitoba Pool Elevators, Newfoundland and Labrador Credit Union Limited, Nova Scotia Credit Union League, Saskatchewan Co-operative Credit Society Limited, Saskatchewan Wheat Pool, United Co-operatives of Ontario, CUMIS Life Insurance Company, CUMIS General Insurance Company, and Prince Edward Island Credit Union League Limited.

82/111(b)

A STATEMENT

BY THE HONOURABLE MARC LALONDE

MINISTER OF ENERGY, MINES & RESOURCES

CO-ENERCO COMMENCEMENT CEREMONY

Saskatoon, Saskatchewan

July 16, 1982.

CHECK AGAINST DELIVERY

The advent of the National Energy Program brought new opportunities for Canadians to participate in the development of our energy resources. The co-operatives of Canada have seized this opportunity.

This new company, called CO-ENERCO, will establish an exciting new presence in the petroleum industry and provide an attractive investment vehicle for Canadians. The Government of Canada recognizes and rewards this combined initiative of founders and builders, because it is one that contributes to the drive towards greater Canadian ownership and energy security.

The Government's strong commitment to this venture is evident in our agreement to match any contribution by the co-ops up to a total of $100 million. As much as $1 billion could be attracted to CO-ENERCO from individual Canadians and from participating co-operative institutions. In addition, wherever CO-ENERCO chooses to explore, it will be eligible for maximum petroleum incentive payments from the Government of Canada, and it will be a courted participant in joint ventures with other companies. CO-ENERCO will be an important force in the industry and a significant new source of capital.

Co-operatives are as deeply embedded in Canada's history as oil is in its soil. I am pleased that Saskatoon was chosen to mark this entry of the co-operative movement into the petroleum sector.

The Government of Canada first recognized the merits of this venture when the concept was discussed over two years ago. However, much hard work and devotion to detail lies between good ideas and successful ventures. I am indebted to all those pioneers who strove to make this idea come to life, especially the founding father, Vern Leland.

My colleague, Senator Hazen Argue, played a critical role on behalf of the Government of Canada. All of us are delighted to see CO-ENERCO take its place as a strong and vital force in the petroleum industry.

Nine million Canadians belong to co-operative organizations. They know that co-operatives have a solid record of prudent management. While Canadians can be assured that the Government will safeguard public funds, CO-ENERCO is in the capable hands of the co-ops and the excellent management team assembled here.

Like the institutions and individuals who conceived it, CO-ENERCO itself will be owned and controlled entirely by Canadians. Long after the debate over the benefits of Canadianization has passed, I am confident that new institutions will emerge as lasting testimony to our ambition and vision. CO-ENERCO is one such institution and it is now a reality.

On behalf of the Government of Canada, I am pleased to join with my colleague, Hazen Argue, in transmitting this initial contribution of $57.8 million to CO-ENERCO. CO-ENERCO now joins a number of other initiatives from the private sector, from individuals, and from other governments, that will help achieve what is now a national goal for increased Canadian participation in energy developments. I am pleased to note that the establishment of CO-ENERCO is one of those happy occasions when regional aspirations and national objectives unite in a common goal. Again, my congratulations to all concerned.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/114
July 23, 1982

$50,000 GRANT TO TRIBAL RESOURCES DEVELOPMENT COUNCIL – ALBERTA

On behalf of the Honourable Marc Lalonde, Minister of Energy, Mines and Resources, Senator H. A. Olson, Minister of State for Economic Development, today presented a special grant of $50,000 in start-up funds for the newly-formed Tribal Resources Development Council (TRDC) based in Alberta. The Council is an independent Indian organization concerned with energy resource development which could represent as many as 42 resource- and non-resource-producing Alberta bands.

Mr. Lalonde said he expects the Council will use EMR funds to provide centralized advisory services for increasing band participation in the exploration and development of resources on Indian lands. For example, TRDC would assist bands in the negotiation of their resource lease and royalty arrangements and encourage the establishment of joint ventures between bands and resource companies.

"I am impressed with the initiative of the Council's founders, and I am sure that the work of the Council will contribute in an important way to the spirit and achievement of the National Energy Program," said Senator Olson. "It is clear that Canada's aboriginal peoples can play a substantial role in Canada's energy industry."

The Council is expected to hold its founding conference next month at Nakoda Lodge on the Stony Indian Reserve in Morley, Alberta (west of Calgary), to formalize band membership and elect a permanent Board of Directors.

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For further information contact: Margaret Nevin,
Press Secretary to the
Honourable Marc Lalonde
(613) 593-5252

Canada Oil and Gas Lands Administration | Administration du pétrole et du gaz des terres du Canada

News Release

82/115
July 23, 1982

COGLA APPROVES EXPLORATORY DRILLING ON GRAND BANKS

The Canada Oil and Gas Lands Administration today announced it has approved the drilling of a wildcat well approximately 180 kilometres northeast of St. John's, Newfoundland.

The well, named Mobil et al Linnet E-63, will be drilled with the semi-submersible drilling unit, SEDCO 706, in an estimated 157 metres (515 feet) of water to a projected depth of 5 639 metres (18,496 feet).

Mobil Oil Canada Ltd. will be the operator of the Linnet E-63 well. The other working-interest participants are Norcen Energy, Canterra Energy Ltd., Pan Canadian Petroleum, and Roxy Petroleum.

Project management and supervision will be co-ordinated by Mobil from its St. John's office with marine support services and transport of personnel, via helicopter, also originating from St. John's.

The drilling of this well is authorized by the Canada Oil and Gas Lands Administration (COGLA), which administers the Canada Oil and Gas Drilling Regulations and is responsible for the regulatory control of all oil and gas activities on Canada lands.

- 30 -

For further information, please contact: Maurice Taschereau
Administrator
Canada Oil and Gas
Lands Administration

(613) 993-3760

82/116
July 23, 1982

HONOURABLE MARC LALONDE ANNOUNCES APPOINTMENT OF NEW EXECUTIVE ASSISTANT

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, announces the appointment of Douglas B. Richardson of Saskatoon as his Executive Assistant.

Mr. Richardson was born in Saskatoon on May 5, 1950. In 1974 he graduated from the University of Saskatchewan with a Bachelor of Law degree. Mr. Richardson is married to the former Jocelyn Mann.

He articled with D.S. McKercher, Q.C. in Saskatoon and in 1978 became a partner in the Saskatoon law firm of McKercher, McKercher, Stach, Korchin and Laing.

Mr. Richardson was the Liberal candidate for the riding of Saskatoon East in the February 18 general election.

- 30 -

For further information, contact: Margaret Nevin
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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/117
July 27, 1982

$490,000 FOR SUPER ENERGY-EFFICIENT HOUSING PILOT STUDY

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today announced the awarding of a contract to the Housing and Urban Development Association of Canada (HUDAC) for a pilot study to test and refine elements of the Super Energy-Efficient (SEE) Housing Demonstration Program.

The pilot study will be supported by $490,000 in Government of Canada funds. The federal government will also provide up to $7,500 each towards the construction of approximately 30 houses across Canada that meet the technical criteria and standards developed for the SEE Housing Demonstration Program. The same program could assist in the construction of up to 300 energy efficient houses across the country over the next two years.

The pilot study will allow for the development and refinement of a participant assistance package, development and implementation of a builder selection procedure, presentation of builder training and education programs, a review of pilot phase house designs, and recommendations to help govern the implementation of the balance of the SEE program.

In addition, the pilot phase will provide the mechanism for the documentation and evaluation of the construction, inspection, demonstration and monitoring of the test sample of houses. "The SEE Program has the potential to make an important and significant contribution to achieving the conservation goals of the National Energy Program," Mr. Lalonde said. "In fact, the homes being built during this pilot study are designed to provide as much as a 60 to 80 per cent reduction in space heating demand, compared to a typical 1973 home, and up to a 50 per cent reduction in energy demand for hot water, appliances and lighting."

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The SEE homes will incorporate such energy-saving features as high insulation levels, effective air/vapour barriers, air-to-air heat exchangers, and efficient appliances and water heating systems. As well, the houses will utilize advanced window systems and will be capable of taking maximum advantage of passive solar gains.

HUDAC will co-ordinate the pilot study, identify appropriate sites, recommend builders and implement builder training and education activities. For its part, the Government of Canada will co-ordinate the federal role and provide assistance and direction for the SEE program through an advisory committee composed of representatives from the department of Energy, Mines and Resources, the Canada Mortgage and Housing Corporation, and the National Research Council.

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For further information, please contact:

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New Housing Co-ordinator,
Energy Conservation and
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(613) 995-1118

82/117 (a)
July 27, 1982

BACKGROUNDER

SUPER ENERGY-EFFICIENT HOUSING PILOT STUDY

Approximately 19 per cent of Canada's energy is used for residential heating purposes.

Efforts to reduce the demand for energy in the residential sector have resulted in designs that provide as much as 60 per cent to 80 per cent reduction in space heating demand, compared to a typical 1973 home. These energy savings can be economically achieved in new residential buildings by incorporating the following principles:

- design buildings for energy efficiency;
- insulate well beyond the 1978 Building Code Standards;
- improve air-tightness to reduce energy losses due to air infiltration;
- control ventilation and use waste heat recovery systems;
- use high quality windows and place them carefully to maximize the use of energy from the sun;
- use efficient and appropriately sized smaller heating systems.

Other efforts in energy conservation can reduce the energy demand for hot water, appliances, lighting, etc., up to 50 per cent.

SUPER ENERGY-EFFICIENT HOUSING

Less than one per cent of new houses built in 1982 will achieve the high levels of energy efficiency possible with the techniques described above.

In response to this situation, the Super Energy-Efficient Housing Demonstration (SEE) Program was launched as part of the National Energy Program.

The SEE Housing Program will:

- encourage and assist in the construction of approximately 300 low-energy houses across Canada in order to obtain pertinent data on energy consumption, costs and savings associated with SEE Housing;
- determine the technical and economic viability of various designs and techniques to build SEE Housing;
- transfer knowledge on the construction of low-energy housing to the Canadian building industry for application in new house construction;

- compare predicted energy requirements with actual consumption through a computer program that estimates annual space heating requirements.

CO-OPERATING AGENCIES

HUDAC (Housing and Urban Development Association of Canada), through its national, provincial, and local councils, will co-ordinate the program, identify suitable sites, recommend builders and implement general training and education activities. A federal government advisory committee composed of representatives from EMR (Energy, Mines and Resources Canada), CMHC (Canada Mortgage and Housing Corporation), and NRC (National Research Council) will co-ordinate the federal role and provide assistance to the program.

The involvement of HUDAC in the delivery of this program is an important step in developing an integrated approach for future efficient housing.

The SEE Housing Demonstration Program is also an important mechanism for further development of an energy-efficiency strategy for new housing and benefits Canada in the following ways:

- through HUDAC and the development of a government/private sector consensus approach, a new mechanism has been created to foster the widespread adoption of energy-efficient housing in Canada;
- the building industry will receive assistance in on-going training and education programs;
- business opportunities and employment will be stimulated to produce low energy building products, some of which may find an export market;
- direction to program development, and technology transfer will be provided. Further R&D in the area of low energy building techniques will be stimulated, leading in turn to new program development and the transfer of this new technology to private housing.

The SEE Program will commence immediately with the development of a $490,000 pilot project in 1982, when 30 SEE houses will be built. The objectives of the pilot study are to assess the viability of the SEE Housing Program and gain information to refine and adjust the program before all 300 houses are built in various locations across Canada.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/118
July 30, 1982

ONTARIO GAS EXPANSION PROJECTS AWARDED

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources today announced that additional funds up to a total of $205,756 have been awarded to two Ontario gas utilities to help finance the expansion of natural gas distribution systems.

The Minister said the financial assistance would be provided to the utilities from the Distribution System Expansion Program (DSEP), a major initiative of the National Energy Program aimed at eliminating Canada's dependence on imported oil.

The Consumers' Gas Company, previously awarded up to $6,672,552 to fund 48 projects, has received approval for an additional 12 projects involving $145,006 in federal funding.

The Public Utilities Commission of Kingston will receive up to $60,750 for six projects. The 12 additional Consumers' Gas projects together with the Kingston projects will benefit approximately 130 potential residential, commercial and industrial customers.

In order to qualify for funding under DSEP, natural gas expansion projects proposed by utilities must meet certain criteria. First, funds are available only for those projects which would be too expensive for a utility to construct and operate without financial assistance. Second, a project must reach customers who do not have access to natural gas service, and who use oil for heating. Third, all projects must be cost-effective in displacing oil.

The assistance available for a qualifying project is the amount required to make it financially viable for the utility to undertake.

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DSEP funding is provided partially from the Market Development Incentive Payments made to the Government of Canada by the Province of Alberta in accordance with the September 1, 1981 Canada/Alberta Agreement, and partially from funds allocated under the Government of Canada's National Energy Program.

Consumers should contact their local utilities to determine whether access to natural gas is feasible under DSEP.

- 30 -

For further information, please contact:

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Natural Gas Branch
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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/119
July 27, 1982

FEDERAL ASSISTANCE TO SUNCOR INC. ANNOUNCED

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, announced today that Suncor Inc. will receive $35.5 million in federal tax reduction to carry out two of three major projects aimed at substantially improving the company's operations. Federal help has also been provided for the third project, the upgrader in Sarnia, particularly through support for continued exports of heavy fuel oil and assurance of access to synthetic crude oil from the Suncor plant in Alberta.

"We are pleased to facilitate this major $690 million spending program announced by Suncor because it will provide significant benefits for Canada in terms of jobs and business opportunities, increased oil supply and the more efficient use of crude oil – all major goals of federal energy policy," Mr. Lalonde said.

Suncor announced it will spend $170 million on a "plant integrity program" to improve the efficiency of its Fort McMurray, Alberta tar sands plant, $185 million to mine a sizeable portion of its tar sands lease, which is too costly to mine without federal assistance, and $335 million to upgrade its Sarnia, Ontario skimming refinery. At their peak periods, the three projects are expected to provide 1,200 new jobs. The federal tax reduction is intended to assist Suncor in carrying out the two Alberta projects.

The company has also committed itself to supporting federal wage guidelines of six and five per cent, and will limit increases of prices not subject to the energy agreement with Alberta to levels that are consistent with the lower rates of increase in costs and restoration of historical profit margins.

"This undertaking by Suncor shows there is support in the private sector for the restraint program outlined by the Minister of Finance in his recent budget. I urge other companies in the petroleum industry to give serious consideration to following the example of Suncor if they have not already done so," Mr. Lalonde said.

In addition, Suncor Inc. has adopted a policy to procure as many goods and services in Canada as possible, meaning that 85 to 90 per cent of the $690 million will be spent in Canada.

"These expenditures will provide a major stimulus to the Canadian economy, particularly in Ontario and Alberta. We are pleased that Suncor will continue to pursue a Canadian purchasing policy. This policy of providing increased opportunities for Canadians is a major goal of the National Energy Program," Mr. Lalonde said.

"The fact that Suncor is willing to undertake such major spending plans at this time shows that it has confidence in the fundamental strength of the Canadian economy, despite short-term economic problems in Canada and around the world."

Mr. Lalonde said federal assistance will be provided by increasing the amount of Suncor production that is exempt from the Incremental Oil Revenue Tax (IORT) by 10 per cent, from 25 per cent to 35 per cent. (IORT taxes at a rate of 50 per cent, after allowance for royalty payments to the province, the difference between prices offered to producers of old oil under the National Energy Program and higher prices subsequently provided under the comprehensive energy agreement reached between the Governments of Canada and Alberta last September.)

The Minister praised Suncor's plans to improve the operating efficiency of its tar sands plant. The company will overhaul weak links in equipment, initiate an improved maintenance program, implement employee training programs and meet anticipated safety and environmental standards at the plant.

"This improved efficiency will allow Suncor to operate closer to full daily production capacity and provide a welcome contribution to Canadian oil supply," Mr. Lalonde said.

The new area to be mined – called the "large pit" – contains a much thicker layer of overburden than is found on the rest of Suncor's leased area. The cost of removing the overburden, which covers a full 21 per cent of the leased area, is estimated to be $185 million over the next five years.

"This area will add more than 14 million cubic metres to oil reserves, increasing Suncor's total reserves at Fort McMurray to a significant 68 million cubic metres. If the 14 million cubic metres had to be imported, it would cost Canada an additional $3.8 billion in import compensation payments at current international oil prices," Mr. Lalonde said.

The Alberta projects will provide approximately 550 new jobs for contractors and permanent and casual labour over the next five years.

The Sarnia refinery currently produces gasoline, diesel fuel, heating fuels, petrochemicals and heavy fuel oil (as a byproduct of the refining process). Construction work on the new hydrocracker is expected to be completed by mid-1984 and the upgraded refinery will become fully operational later that year.

By drastically reducing the output of heavy fuel oil, and generally upgrading the refinery to more efficiently produce transportation fuels and petrochemicals, Suncor hopes to effectively add almost 4 000 cubic metres of crude oil to Canadian supply.

"It is important to note that this additional supply will result purely from modifications and improvements to the refinery, not from increased crude oil production. In other words, Suncor will maintain existing production levels of transportation fuels using less crude oil and will actually increase petrochemical production without increasing the amount of crude oil it now uses as a feedstock.

"We are heartened by Suncor's plans to limit the production of heavy fuel oil to small amounts that will be used in the refinery itself. Since introducing the National Energy Program in 1980, the Government has vigorously encouraged refiners to improve their operations and limit the production of heavy fuel oil as much as possible," Mr. Lalonde said.

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For further information, contact:

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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/121
July 29, 1982

NATURAL GAS PRICES

Ottawa – The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today announced that the Government has set new wholesale prices to be effective August 1, 1982, for natural gas sold in markets east of Alberta. Gas sold for consumption in Alberta and British Columbia is produced in those provinces, and its price is, therefore, not controlled by the Government of Canada.

The new prices reflect the increase in the Alberta border price of gas provided for in the Canada-Alberta Agreement of September 1981. Natural gas prices have been set under Part III of the Energy Administration Act since 1975.

Yesterday the National Energy Board (NEB) issued an order for new natural gas transportation tolls for TransCanada PipeLines Ltd. (TCPL). These tolls are also to be effective August 1, 1982, and reflect both the increased Alberta border price and provision for an increased cost of service by TCPL. The NEB fixes transportation tolls under Part IV of the National Energy Board Act. However, the NEB tolls can be implemented only to the extent that the Government appropriately adjusts wholesale prices.

Mr. Lalonde said, "The domestic gas prices the Government has set today do not include an allowance for TCPL's increased transportation tolls. Although I have noted the NEB's determination regarding these tolls, the Government has not yet seen the Board's Reasons for Decision respecting changes in the method of setting tolls and the approved increases in the cost of service."

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"We have at this time chosen to exclude increases associated with TCPL's new, higher cost of service from the prescribed prices."

"There is, however, an allowance in the prices the Government has prescribed today for the TCPL toll increase which is directly due to the increase in the Alberta border price provided for in the Canada-Alberta Agreement. TCPL uses large volumes of gas for compressor fuel, and, therefore, the increase in the Alberta border price has an immediate direct impact on the company's cost of service."

"With respect to the remainder of TCPL's increased cost of service, the Government will consider making further appropriate adjustments to domestic gas prices once the NEB's Reasons for Decision are available and we have had an opportunity to review them in the context of the Government's policy on wages and prices."

"The Government is, of course, well aware of the fact that the increase in TCPL's tolls fixed by the NEB reflects in very large part the costs of the current expansion of its pipeline system which is being undertaken to meet National Energy Program goals of expanding gas markets, thereby reducing our dependence on oil. This will be an important element in the Government's consideration of any further adjustments to domestic gas prices. The Government would hope to make such further adjustments effective September 1."

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For further information contact:

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Energy, Mines and Resources Canada | Énergie, Mines et Ressources Canada

COMMUNIQUE

82/122
July 30, 1982

ALL-CANADIAN OIL CONSORTIUM TO CONDUCT $500 MILLION EAST COAST EXPLORATION PROGRAM

HALIFAX – The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today announced the Government's intention to issue four exploration agreements to an all-Canadian consortium comprising Petro-Canada Exploration Inc., Bow Valley Industries Ltd. and Husky Oil Operations Ltd. The agreements will involve a new exploration program valued at approximately $500 million, and will employ the newly arrived, semi-submersible drilling rig, the Vinland, which will begin work on the Scotia Shelf this summer. The agreements cover an area of about 1.7 million hectares (4.2 million acres) located approximately 30 km to the north of Sable Island in the Nova Scotia offshore. The notice of these agreements is to be published in tomorrow's Canada Gazette.

The agreements will each run for three years, and will require the group to drill a total of up to eight exploratory wells, with at least one on each exploration agreement area. The group will also have to conduct a minimum of 3 000 km of seismic work in the area over the first two years.

Mr. Lalonde noted that the issuance of these exploration agreements had been discussed during negotiation of the federal-provincial offshore agreement.

"We decided to proceed at this time because Petro-Canada is ready to begin drilling immediately, and Bow Valley-Husky's two rigs, currently under construction (one in Saint John, New Brunswick), will also be available to carry out this ambitious exploration program. The use of the Saint John-built rig by the group would mark the first use of a Canadian-built and-owned rig by a Canadian consortium in Canada's offshore," he said.

"These agreements again underline the effectiveness of the joint management regime set up by the Canada-Nova Scotia offshore agreement of March 2, 1982," stated Mr. Lalonde. "The work of this exploration group will bring direct benefit in the form of job opportunities and business to Nova Scotia, while furthering knowledge and possible exploitation of Canada's offshore petroleum resources," he added.

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Oil and gas activity off the Nova Scotia coast is managed by the Canada-Nova Scotia Offshore Oil and Gas Board, established under the federal-provincial agreement. The Board recommended the exploration agreements for approval at a July 15 meeting in Halifax. The agreements were negotiated with the companies by representatives of both federal and Nova Scotia governments, operating within the context of the Canada Oil and Gas Lands Administration (COGLA).

Exploration Agreements designate the blocks of land the companies will work, and set out the process by which the lands are returned to the Crown for further disposition. By the end of the second year of these four agreements the exploration group will have relinquished 75 per cent of the lands.

The interest held in the exploration group by each member is Petro-Canada Exploration Inc., 50 per cent; Bow Valley Industries Ltd., 25 per cent; and, Husky Oil Operations Ltd., 25 per cent. The members' high Canadian ownership rate (COR) is expected to allow them to benefit from the highest level of incentives offered under the Petroleum Incentives Program. The group has advised that it has offered Nova Scotia Resources Ltd., the provincially-owned natural resource company, a 10 per cent working interest option in the consortium.

Petro-Canada and Bow Valley will each be the operator, or lead-company, for drilling activities in two of the agreement areas. Petro-Canada's activities will begin immediately with a well to be started this summer on the West Esperanto prospect located in agreement area 4, as indicated on the attached map.

The group must obtain COGLA approval for all phases of its work, including specific approval for each well to be drilled. Through regulations, regular inspections and conditions strictly controlling all work, the COGLA office in Halifax will ensure that environmental and occupational health and safety concerns are met. The environmental protection terms set by COGLA are non-negotiable and must be met by the companies.

The Minister stressed the significance of the Canada Benefits plan submitted by the consortium. The group will ensure that Canadians, particularly Nova Scotians, will be given a fair and competitive opportunity to provide goods and services for the exploration program, and that significant job opportunities for area residents will result. The companies are committed to maximizing the number of Canadians involved in their activities. The Vinland manpower complement of 104 persons will be approximately 63 per cent Canadian when the rig begins operation, and is expected to rise above 90 per cent by 1983. The future employment benefits of this ambitious drilling program are enhanced by a training agreement recently signed

by Bow Valley and the Canada Employment and Immigration Commission (CEIC). Under this $1.4 million program, Canadians – primarily Nova Scotians – are being trained in western Canada, in Port Hawkesbury on the Strait of Canso, and on the Bow Drill I, which is currently drilling for Petro-Canada and a group of Canadian companies offshore Nova Scotia.

The plan also includes the commitment by the group to keep available an allowance of up to 3 per cent of the program cost, which might be as much as $15 million over the three years, to be used when opportunities for the responsible creation or expansion of competitive Canadian supply capability associated with the group's work program, are identified and agreed to by the companies after consultations with the governments involved. As a first step, Petro-Canada will have Canadian, and particularly Nova Scotian, companies carry out feasibility and design studies, costing in excess of one million dollars, for the construction of a common-user marine support facility in Nova Scotia. As one of a number of potential uses, Petro-Canada is prepared to support such a facility with a multi-year contract. The federal and provincial governments will work with the companies in the near future to identify areas in which competitive supply capability might appropriately be strengthened.

On the basis of a two-rig program, it is projected that the Canadian content of the group's procurement will increase from an estimated 52 per cent in 1982 to 62 per cent in 1985. As Canadian-owned or-constructed rigs are used increasingly, these figures would improve substantially.

Canada Benefits plans are reviewed by COGLA in conjunction with the Office of Industrial and Regional Benefits of the Department of Industry, Trade and Commerce, Regional Economic Expansion, CEIC and the Nova Scotia Departments of Development (Industrial Benefits Office), and Labour and Manpower.

- 30 -

For further information contact:

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Canada Oil and Gas
Lands Administration
Ottawa

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INDUSTRIAL BENEFITS BACKGROUNDER

The industrial benefits provisions of the consortium's Canada/Nova Scotia benefits plan were developed, and will be monitored, in consultation with COGLA, the Office of Industrial and Regional Benefits (OIRB) of the federal Department of ITC/DREE, and the Nova Scotia Office of Industrial Benefits. The provisions meet and in some cases go beyond the federal government's industrial and regional benefits guidelines, published in August, 1981. Following are some of the highlights:

- The three companies are committed to assist the development of a secure Canadian supply community capable of competitively producing the goods and services they require. This overall procurement goal is founded on the companies' experience that, for purposes of security, reliability and cost effectiveness, the establishment of a domestic source of supply is critically important.

- The partners will keep available an allowance of up to three per cent of the total program expenditures for use in supplier development. Petro-Canada's expenditure of more than $1 million on feasibility and design studies for a common user marine facility should be of immediate benefit to Nova Scotian engineering and consulting firms. The facility itself would encourage the development of local firms to supply and service offshore activity.

- Procurement will be undertaken in such a way as to ensure -- within the context of a generally competitive, safe and cost efficient operation and considering best total value -- that Canadian companies, particularly those in Nova Scotia and other parts of Atlantic Canada, will have the maximum opportunity to bid and participate.

- Each partner will establish a project office in Nova Scotia to co-ordinate and control its program operations. Twice a year each partner will assess key industrial benefits initiatives and Canada/Nova Scotia content. Supply capabilities will be surveyed, and industry seminars conducted to familiarize suppliers with the consortium's requirements.

- The partners will exchange technical and operating expertise, thereby enhancing each other's capability, and whenever possible will employ and assist Canadian firms to carry out specific design and development tasks.

- The partners will work closely with the OIRB on "designated" items that the OIRB considers could generate significant benefits for Canada depending on their placement. Items designated for this program include drilling vessels, supply vessels, production test equipment, casing, wellheads, special drilling equipment, large diameter rock bits and hole openers. The partners will provide the OIRB with bidders lists for these items and advise the OIRB before making contract awards.

A major benefit to Canada from this exploration program will be the continued build-up of Canadian exploration and operational capabilities, particularly but not exclusively in the oil and gas industry. In the event of major commercial discoveries, this expertise and experience will place the three companies in a better technical position to undertake development and production roles in the future.

A number of Canadian suppliers are already benefitting from funds spent or committed by the three companies in the past 12 months to bring on stream new and modified high quality exploration equipment:

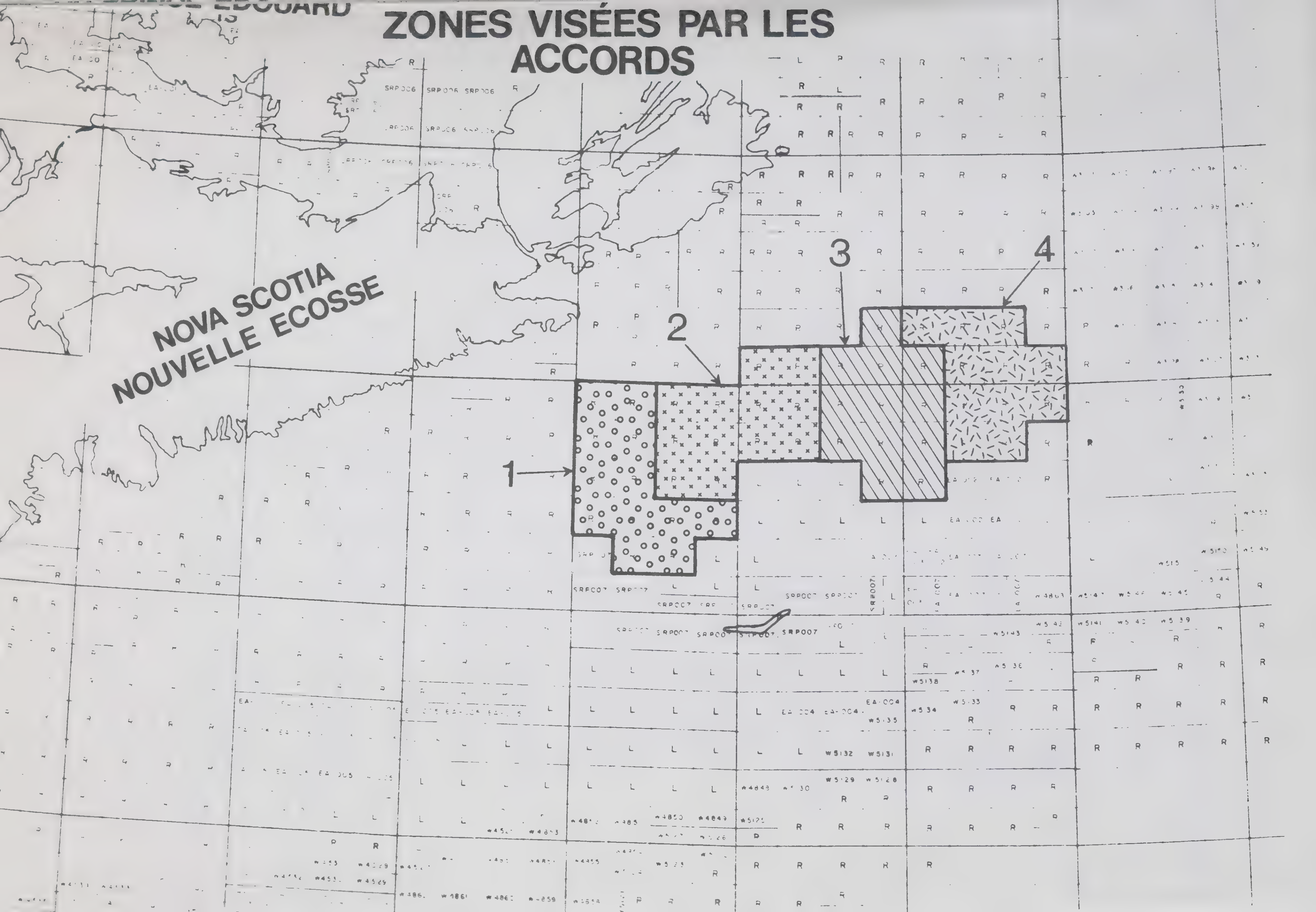
- Saint John Shipbuilding and Dry Dock Co., Ltd., New Brunswick: $166 million semi-submersible drilling unit for Husky/Bow Valley.

- Marystown Shipyard Ltd., Newfoundland: two supply vessels, together worth approximately $35 million, for Petro-Canada; and a $900,000 contract from Petro-Canada to develop the first blow-out preventer fabrication and repair expertise in Canada, for use on the Bow Drill 1.

- Bel-Aire Shipyard Ltd., and Vito Steel Boat and Barge Construction Limited, Vancouver: one supply vessel each for Husky/Bow Valley (total capital investment of $38 million for both vessels on arrival Halifax).

- Marine Industries Ltd., Sorel, Quebec: $29 million state-of-the-art seismic exploration vessel, designed for Arctic and east coast conditions, for Petro-Canada.

- Halifax Industries Ltd., Nova Scotia: $2.5 million contract from Bow Valley to modify the Bow Drill 1 to accommodate 15,000 p.s.i. blow-out prevention equipment.


ZONES VISÉES PAR LES ACCORDS
NOVA SCOTIA
NOUVELLE ECOSSE
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82/123
July 30, 1982

SUDBURY SCIENCE CENTRE RECEIVES $5.35 MILLION FEDERAL CONTRIBUTION

A contribution to the Sudbury Science Centre totalling $5.35 million has been approved by the federal cabinet, Mines Minister Judy Erola and Douglas Frith, M.P. for Sudbury, announced today.

The funds, to be made available to the $23.5 million project in fiscal year 1982-83, were allocated through an Energy, Mines and Resources Canada submission.

The funds include $4.1 million towards the capital cost of the project, $1.25 million from the special employment fund announced in the June 28 budget and $350,000 for displays from EMR of seismic monitoring equipment and a weather monitoring unit from Environment Canada. An additional sum of up to $100,000 will be contributed on an annual basis to the operating costs of the federal displays.

As a condition to delivery of the funds, contractors associated with the project will be asked to accept the federal government's six per cent/five per cent recovery program.

The $5.35 million federal contribution joins $5 million from INCO, $1 million from Falconbridge, a $7 million Lottario grant and $3 million from the Ontario government in the form of an endowment grant. The Centre is looking to private donors to make up the rest of the capital cost.

Mrs. Erola and Mr. Frith said the federal allocation of funds will ensure the completion of the project and assist private fund-raising efforts.

An estimated 385 jobs have been created during the construction stage with a payroll of $7.7 million. The spin-off in goods and services, a large part secured locally, will amount to an estimated $26 million.

When in full operation, the Centre will produce directly or indirectly 130 jobs with a payroll of $2.6 million. The estimated impact on the tourist industry in Northern Ontario is estimated at 220 person-years in jobs and an additional $11 million to the regional economy.

- more -

The Science Centre will be a world class facility containing outstanding educational, scientific and technical displays. It employs a unique design concept and represents a new step in the evolution of science museums. It will be the first reflecting Canada's North and will be Northern Ontario's single largest tourist attraction.

Incorporated in the Centre's display program will be the Big Nickel Mine, a major exhibit of mining science, history and technology.

Last year, EMR donated an extensive earth sciences exhibit to the Science Centre, much of which is located at the Big Nickel Mine. The exhibit, called the Geocentre, explores the use of earth resources by man from primitive times to the present.

Mrs. Erola said this federal initiative follows from the Prime Minister's announcement of January 12 respecting reorganization of the Economic Development department to ensure greater regional sensitivity in all federal programs and activities. The contribution to the Science Centre comes from the newly-created regional fund to support special regional economic development efforts.

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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/125
August 4, 1982

NUCLEAR INDUSTRY REVIEW RELEASED

OTTAWA — The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today released the Nuclear Industry Review, a study of the nuclear industry in Canada.

The review, undertaken by EMR at the request of the Prime Minister, suggests that long-term prospects for the nuclear industry are favourable and that Canada will need an industry capable of building new reactors in the 1990s.

Nuclear power is the most economical choice for new electricity generation in many parts of Canada today. This advantage will likely increase over the next decade, especially east of Manitoba in those areas where low-cost hydro sites have been largely exploited.

However, growth in the demand for electricity has slackened recently, delaying new reactor orders. Foreign demand for reactors has fallen as well, creating an intensely competitive and uncertain export market. Thus, the short-term prospects for the industry are not bright. Underlining the difficulty of the situation, Mexico announced in June, 1982, that it was postponing its plans for an ambitious nuclear power program. This market had been considered one of Canada's most promising export prospects.

The current downturn in demand carries a high risk that Canada could lose the ability to build reactors competitively by the late 1980s. The Minister observed that in the absence of new orders, the industry would have difficulty retaining its highly qualified personnel. The review concludes that government initiatives may be required to preserve manufacturing capacity over the next few years, until domestic demand is sufficient to sustain it.

In August 1981, the Minister released a 359-page collection of Nuclear Policy Review Background Papers. These 16 papers covered a range of issues of public concern including questions of health, safety, environmental impact, waste management, reactor exports and non-proliferation.

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The present review focusses on the immediate economic situation of the nuclear industry in Canada. It was prepared following extensive consultations with industry, utilities and other groups.

The Review notes that Canada is already strongly committed to nuclear power. Eight large CANDU units in Ontario have outstanding performance records for safety, reliability and economy. Twelve more are under construction in Ontario. Two other domestic units have recently received approval to start up, one in New Brunsw and one in Quebec. In addition, four large CANDUs have been sold abroad, one in Argentina, one in South Korea and two in Romania. The Minister made it clear that the technology needed to support these domestic and export reactors will be maintained.

The CANDU reactor is economically and technically competitive, but the review observes that past marketing efforts have been hampered by coordination problems between the different sectors involved.

The comprehensive proposal for four reactors submitted in early 1982 for the now-delayed Mexico nuclear program shows that these problems have been largely resolved. However, foreign suppliers and governments still offer strong competition to Canada. Continuing government support will be needed if sales are to be made.

"There are three markets to which we can look for sales of CANDU units," said Mr. Lalonde, "the Canadian domestic market, the electricity export market and the world-reactor export market. In the long term, domestic requirements for nuclear generating capacity should be sufficient to sustain the industry, but over the next few years, export sales of reactors and of power from domestic reactors hold the best promise for maintaining our industrial capabilities in nuclear technology."

"It is clear that Canada must work to secure new orders in each of these markets," said the Minister. "To achieve this goal, the review outlines a broad spectrum of policy options emphasizing changes in our approach to a number of project support mechanisms."

The review also suggests there be no changes to Canada's stringent safeguar policies. A wide range of countries have accepted Canada's requirements and have signed nuclear cooperation agreements. "In pursuing export sales," Mr. Lalonde said, "we are not going to sacrifice the nuclear safeguards policy that we had previousl established. The Government recognizes that the Canadian public is unwilling to permit nuclear exports of any sort without the strongest assurance that they will not lead to nuclear weapons proliferation."

If Canada's capability to build new reactors under competitive conditions is lost, the review notes, it would mean the loss of an important energy supply system based on Canadian resources and technology.

As well, Canada would at some future time be faced with the prospect of doing without additional nuclear power altogether, importing reactors from abroad or attempting to regain its indigenous nuclear capability.

Doing without additional nuclear power would mean higher costs for Canadian consumers of electricity. Importing reactors would deny Canadians the advantages which come with having a world-scale, high-technology industry.

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NUCLEAR INDUSTRY REVIEW
FACT SHEET

Structure of the Canadian Nuclear Industry:

- In total, the nuclear industry in Canada, including uranium mining and processing, employs about 36,000.

- The Canadian nuclear industry has a decentralized structure:
  1) Atomic Energy of Canada Limited (AECL) designs the reactors, supplies heavy water and takes the lead in export marketing;

  2) The provincial utilities make the decisions on new capacity and undertake project management responsibilities;

  3) The private sector industries manufacture the principal components of the CANDU reactor system and perform engineering services in Canada and abroad. The review concentrates on the situation of this last sector of the nuclear industry.

Markets:

- The review looks at three markets for CANDU reactors, namely: the domestic market to serve electrical power demand in Canada; electricity exports to the United States from new reactors built in Canada; and export sales of reactors.

- Nuclear power will be increasingly attractive as a source of electricity, the review observes. A significant demand for nuclear power is foreseen in several provinces in the 1990s, especially east of Manitoba. The demand will increase further beyond the turn of the century. This will mean orders reaching Canadian shops in the late 1980s and into the 1990s.

- Low economic activity has led to a corresponding slide in the rates of growth in electrical demand. Few new orders are expected over the next several years because of excess generating capacity in many provinces.

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- Although no reactors have yet been built specifically for the export of electricity to the United States, this appears to be an attractive possibility, both to displace the use of oil and to eventually supply new capacity in the United States. The output of the stations would be largely committed, under firm contracts, to export initially, but would later be recovered for Canadian use.

Safeguards:

- The review observes that there has been criticism from some quarters that Canada's strict safeguards requirements are an impediment to sales. However, it notes that the Government believes safeguards to be a necessary precondition for accepting nuclear exports, and proposes that the present policy be maintained.

- "Besides," added the Minister, "we believe that countries which are truly dedicated to non-proliferation will not find our policy to be unreasonable. This has been demonstrated by successful negotiations we have had with several current and potential nuclear trading partners over the past year."

- "On the other hand," the Minister continued, "the international Nuclear Non-Proliferation Treaty, which is a cornerstone of our policy, is a two-way bargain. It requires that, in exchange for countries giving up rights to nuclear explosives, they will have the right to acquire peaceful nuclear technology."

Summary and Conclusions:

- Despite the current downturn in demand, CANDU remains an economically attractive generating technology both for domestic and some export markets.

- It is important to keep the benefits of federal expenditures on the nuclear industry clearly in mind. Domestically, positive action supports an indigenous, independent nuclear technology which is a relatively inexpensive way of generating electricity in many regions of Canada.

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- Internationally, exports of CANDU will demonstrate Canadian capabilities to develop, market and sustain a major, high-technology product, along with Canadian expertise in large project management.

- Both markets support a high-technology Canadian industry with spin-off effects in terms of potential technological developments and industrial benefits.

SUMMARY

NUCLEAR INDUSTRY REVIEW

NOTE

(The review was begun in 1980, and much of the background work was done in the summer and fall of that year. The review went through several drafts as a discussion paper in the summer of 1981. Important developments since then have been incorporated to the extent possible.)

INTRODUCTION

The nuclear industry, like many other industries, is subject to fluctuations in demand. As recently as 1974/75 there was real concern that the Canadian industry would be unable to satisfy domestic requirements and fill export orders simultaneously. Today, however, nuclear power faces problems in Canada and around the world. Slowdowns in economic growth have meant that ambitious programs for the expansion of nuclear generating capacity have had to be deferred. In some countries, nuclear units already on order have been cancelled. This has led to problems of excess capacity in the domestic industry of most of the nuclear supplier countries. In the few importing countries where there are dynamic nuclear programs, there is intensive competition for orders among suppliers.

Canada has a strong commitment to nuclear power. Eight large CANDU units are operating with great success in Ontario, and twelve more units are under construction in the province. Six CANDU units are under construction elsewhere, two in Romania, and one each in New Brunswick, Quebec, Argentina, and Korea. Regardless of the outlook for capacity utilization in Canada's nuclear industry, Canada is committed to ensuring the completion and the satisfactory performance of reactors already on order. Thus, concern expressed in the report about "losing the CANDU option" refers to Canada's ability to meet the next round of orders, now expected in the post-1985 period. The subject of this report is the problem that the Canadian industry may not have enough reactor orders in the shops to sustain it beyond the middle of the decade as a result of decreases in demand for reactors, both at home and abroad. If new orders are not forthcoming in the next few years, the CANDU option may be lost.

While recognizing that a host of other non-economic factors are also of great concern to the public, the report concentrates to a large extent on the economic problems facing the industry. However, numerous commissions and inquiries, the most recent being the Ontario Select Committee on Ontario Hydro Affairs, have determined that CANDU is acceptably safe. With respect to exports, reactors are offered, for peaceful purposes only, to those countries willing to accept Canada's strict safeguard requirements. These and other perceived problems were dealt with at length in the Nuclear Policy Review Background papers published by the Government last year.

The basic purpose of the review is, therefore, to examine the consequences of projected excess capacity for the maintenance of an independent nuclear power capability in Canada. It examines the possibility that commercial problems may slow or arrest technological progress and allow highly-skilled labour and specialized capital to be diverted to other uses, thus affecting not only the cost and reliability but also the future availability of the CANDU option when new reactors will be needed in the 1990s.

The issue is whether the Government should attempt to sustain the industry through several years of slack demand, given that CANDU reactors are likely to be an efficient and economically-attractive way of meeting growing domestic electricity generating requirements in the early to mid-1990s. The report also examines the export market for nuclear reactors which has been viewed traditionally as a natural extension of the domestic program. Sales of reactors have also been seen as an important symbol of Canada's willingness to share an advanced technology which could contribute to diversification and security of energy supply for developing countries. Finally, the possibility of exporting electricity to the United States from nuclear facilities located in Canada is investigated.

THE CANADIAN INDUSTRY

In total, the nuclear industry in Canada employs about 36,000 people, including uranium mining and processing.

The Canadian nuclear industry has a decentralized structure, Atomic Energy of Canada Limited (AECL), a federal Crown Corporation, performs the basic research and development and does the design work on the CANDU reactor. AECL is also responsible for marketing the CANDU abroad. The provincial electrical utilities make the decisions about new generating capacity for their systems, and carry out project management responsibilities for their nuclear stations. Private industry builds the components for the reactors and performs engineering services. This review focusses on the situation of the private sector manufacturers and consultants.

Besides Ontario Hydro and AECL, the reactor-manufacturing industry consists of a diverse group of companies, ranging in size from large, multiproduct firms to small, specialized machining firms.* CANDU-related work is an important source of revenue for these companies, about half of which are foreign-owned. Over half the companies or their relevant divisions are more than 25 per-cent dependent on CANDU business; on average one-third of their revenues are CANDU-related. However, since most suppliers also produce non-CANDU-related business, many would continue working in similar high-technology areas.

Sixteen of the 18 firms surveyed are manufacturers. They reported, on average, a total capacity for three reactor unit orders in shop each year. Minimum acceptable capacity utilization ranges up to two reactor units each year. The ability of these firms to participate in the nuclear industry depends upon a highly-trained work force. In general, retaining teams of design and engineering staff appears to be most important if capabilities in the nuclear area are to be maintained. Considerable importance is also attached to maintaining a quality assurance system along with inspection and testing skills. These capabilities require teams of technicians knowledgeable in these areas.

Three fairly distinct types of market for reactor sales can be identified: the Ontario market, the Canadian market outside Ontario and the export market. The report examines each in turn.

THE DOMESTIC MARKET

In Canada, as elsewhere, the demand for reactors is determined by the growth of electricity in relation to existing capacity and the cost and availability of other generating technologies.

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* The results quoted in this report are based on a survey conducted by Woods Gordon of 18 of the most important firms engaged in reactor design, manufacturing and construction.

In Canada in the early 1970s it was anticipated that higher oil prices would stimulate the substitution of electricity for petroleum fuels during the decade, and hence sustain a vigorous demand for reactor units. Instead, higher prices reduced economic growth and the net effect was reduced rates of growth in electricity demand. Additional factors acting to slow the growth rate of electricity demand included slower population growth, increased general interest in energy conservation, and increases in the real price of electricity. The net result was that from 1974 to 1978, growth rates of electricity consumption in Canada fell to 4.4 per cent per year, as compared with 7.4 per cent per annum from 1963 to 1974.

Many utilities (such as Ontario Hydro) were left with excess generating capacity, a situation likely to last for the next several years. However, given reasonable assumptions about rates of growth of the GNP, changes in energy prices, and other important factors (population growth, for example), consumption of electricity will continue to grow for the rest of the century, although at rates which will likely remain well below historical averages. A comparison of demand forecasts with existing and committed capacity indicates that significant additions to capacity will be required to meet load growth in all parts of Canada in the 1990s.

The prospects are that the next orders for CANDU units in Canada will come from the three provinces that currently have reactors in operation or under construction, namely Ontario, Quebec, and New Brunswick. Even in these markets the first new orders may still be several years away. The possible exception here is New Brunswick. The Lepreau 2 reactor, which would be partially dedicated to the export market, is probably the best prospect for the next domestic CANDU order. In Ontario, the first post-Darlington reactors are likely to be ordered later in the decade, to come on-stream sometime in the mid 1990s. The Quebec market is extremely uncertain; it is possible that no new nuclear units will be ordered to come on-stream before the end of the century. West of Ontario there is not much prospect that nuclear energy will be needed in this century.

Thus, while there may well be an adequate level of domestic orders in the latter part of the decade and the 1990s, it is clear that the domestic market will be difficult for the next few years.

MARKET FOR REACTOR EXPORTS

While the domestic market has been by far the most important source of demand for the Canadian nuclear industry, the export market is potentially important. Export sales represent a natural extension of, and support for, the domestic nuclear program. They permit economies of scale and the spreading of R&D and other overhead costs over a larger number of units. They offer an opportunity to earn foreign exchange and profits for domestic firms, while ensuring that the CANDU remains competitive. They also provide important experience in the management of international megaprojects based on Canadian technology. Finally, the demonstration effect from reactor sales could enhance Canada's ability to export other high-technology products.

At the same time, however, the export of reactor equipment, technology, and other nuclear materials poses problems which require an often-difficult balancing of costs, risks and benefits. Of most concern to the public has been the potential role of nuclear reactor exports in the proliferation of nuclear weapons. For this reason Canada exports reactors only to those countries which agree to strict bilateral and international nonproliferation requirements.

While Canada clearly possesses a world-class nuclear technology, export markets will be uncertain and difficult to penetrate for at least the next decade. Competition is strong and other producers are also motivated by excess capacity in their domestic markets to pursue export prospects. In some areas, the competition is better organized, better funded, and more experienced than is the Canadian industry.

On the other hand, the CANDU system does have some comparative advantages. It has an excellent performance record, and since it does not require a continuous supply of enriched uranium and it is more adaptable to the technological capabilities of developing countries, it offers prospective buyers a diversification of electricity supply and a considerable degree of autonomy.

Romania has recently agreed to terms for a two-unit sale. Korea is the most immediate prospect for Canada's next foreign sale. Other possibilities are concentrated in the latter half of the decade. These other sales may

come too late to have much impact on the commercial health of the nuclear industry during the critical period between now and the middle of the decade.

THE VIABILITY OF THE CANADIAN INDUSTRY INTO THE 1990s

Both the domestic market and the export market are highly uncertain. The approach taken in the paper is to specify three sales scenarios.

Scenario 1: No orders beyond current orders on hand, but excluding Romania. This scenario provides a bench mark against which to measure the impact of sales like Romania on the industry.

Scenario 2: In addition to Scenario 1, one reactor unit ordered in 1981, followed by one order in 1982; no further orders in the 1980s. This scenario shows the impact on the industry of the two units ordered by Romania.

Scenario 3: In addition to Scenario 2, one reactor order in each year beginning in 1985.

IMPACT OF SALES SCENARIOS

Scenario 1: As early as 1982, eight of the companies surveyed will be operating at levels of capacity utilization below those acceptable for maintenance of nuclear capabilities. As early as 1984, an additional six of the companies surveyed will be below acceptable levels with substantial unused capacity. As early as 1985, all but one of the suppliers surveyed will be operating at levels below those acceptable for maintenance of nuclear skills.

Scenario 2: Export orders in 1981 and 1982 will assist in maintaining utilization of capacity for most suppliers in the sample in the early 1980s, but will not extend the horizon of work in progress much beyond that based on current orders on hand. This indicates that the Romanian sale, while certainly a boost to the industry, in no way resolves its underlining problems.

Scenario 3: Nuclear capabilities will be maintained in virtually all critical product categories, but orders under this scenario will only be sufficient to support a single supplier among the sample firms in any one product area.

If sufficient orders are to be in the shops in time to alleviate forecast under-capacity, conclusion of additional domestic or export sales is required almost immediately.

CONCLUSIONS FOR THE REACTOR INDUSTRY

The situation for the reactor industry is serious. Only under Scenario 3 would a significant proportion of suppliers be able to maintain their nuclear capabilities into the 1990s, but even here the industry will eventually move from a two-supplier to a one-supplier industry. Under any scenario, significant changes in the industry appear inevitable.

POLICY OPTIONS: INTRODUCTION

There are no easy solutions to the problems facing the Canadian nuclear industry. There are, however, a number of policy options which the Government may consider. These range from a laissez-faire approach to active federal initiatives to improve CANDU's penetration of domestic and export markets. Each option has its costs, risks and benefits and each is considered in the report in turn.

POLICY OPTIONS: LAISSEZ-FAIRE

A laissez-faire option avoids the economic, financial and public acceptability costs of an active policy. Against these costs, the consequences of a laissez-faire option for the domestic nuclear industry and the maintenance of the nuclear option must be weighed. Given a lassez-faire policy there is a risk that large segments of the nuclear industry could be dismantled in the latter half of the 1980s. Assuming load growth continues in the 1990s, this implies that (1) Canada would simply have to do without nuclear power, (2) nuclear technology would have to be imported from abroad, or (3) the Canadian industry would have to be reassembled.

The disadvantages of a laissez-faire option are primarily economic. With respect to option (1), analysis indicates that using coal as opposed to nuclear power would cost a province such as Ontario over a billion dollars in present value terms over the lifetime of a single 850 MWe unit. With respect to option (2), a similar economic analysis shows excess costs of \$200 to \$400 million, not including additional regulatory costs. The costs of option (3) are more difficult to measure. In addition to the higher cost associated with construction of the first reactor subsequent to reassembly, there is a risk that reassembly on a reasonably competitive basis would prove impossible. In this case, Canada would be reduced to a choice between options (1) and (2).

With respect to industrial benefits, technological development and trade, sustaining CANDU appears superior to all three laissez-faire alternatives.

The benefits of positive action to aid the industry must be weighed against the costs and risks of a laissez-faire policy.

POLICY OPTIONS FOR THE DOMESTIC MARKET

Effective policies could involve a comprehensive solution of all outstanding issues between the provinces and the federal government:

- extension of financing to cover a larger share of the delivered cost of a reactor unit;
- extension of favourable treatment to the second reactor unit in each province;
- more favourable interest rates and repayment terms;
- consideration of federal equity participation in reactor projects as was given to the first Pickering CANDU reactors in Ontario;
- consideration of federal guarantees which would encourage financing from the private sector.

POLICY OPTIONS FOR THE ELECTRICITY EXPORT MARKET

A preliminary economic and market analysis undertaken by EMR indicates that a large and profitable market for electricity exports from Canada will develop in the U.S. over the next 20 years. Constructing reactors for power export could, therefore, generate attractive economic returns and, in addition, provide badly needed business for the Canadian nuclear industry at a time of over-capacity.

POLICY OPTIONS FOR EXPORT MARKETS

There are a number of policy options available to the Government which might improve Canada's performance in foreign markets. These vary widely in terms of degree of difficulty, cost, and potential benefits. At the simplest level, AECL could be allowed more commercial freedom to pursue export sales. While this option has few costs in financial or public acceptability terms, it may work to improve sales prospects. Continued strong and visible government commitment has a positive effect on sales prospects at little cost, as does improved co-ordination between government, industry and the utilities (as shown by the bid recently submitted to Mexico).

Another option is to improve terms under which reactor sales are financed. This is an attractive option in the sense that costs of concessional financing are only incurred if a sale is concluded. On the other hand, the implicit subsidies involved in concessional financing are potentially large and would have to be

financed by appropriations from the Consolidated Revenue Fund. Quite simply put, concessional financing is a necessary condition if Canada is to continue to be a competitor in the international market-place for reactors, as well as for many other large capital-goods exports.

SUMMARY AND CONCLUSIONS

Despite the current downturn in demand, CANDU remains an economically attractive generating technology, both for domestic and some export markets. The Canadian nuclear industry must be supported over the next several years both by firm policies and some form of financial assistance. It is important to keep the benefits of federal expenditures on the nuclear industry clearly in mind. Domestically, positive action supports an indigenous, independent nuclear technology which is a relatively inexpensive way of generating electricity in many regions of Canada. Internationally, exports of CANDU will demonstrate Canadian capabilities to develop, market and sustain a major high-technology product, along with Canadian expertise in large project management. Both markets support a high-technology Canadian industry with spin-off effects in terms of potential technological developments and industrial benefits.

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COMMUNIQUE

82/126
August 5, 1982

CANADA HOSTS INTERNATIONAL DRILLING WORKSHOP

Participants from more than 25 developing countries will attend a two-week United Nations mineral exploration drilling workshop at Laurentian University, Sudbury, sponsored by the Department of Energy, Mines and Resources.

In announcing the workshop, which runs from August 15 to 27, the Honourable Judy Erola, Minister of State for Mines, said, "The U.N.'s choice of Canada as the venue for this workshop underlines this country's international reputation as a leader in drilling technology."

With close cooperation from the Canadian Diamond Drilling Association (CDDA) and the Association of Ontario Mining Equipment and Services for Export (OMESE), the workshop's technical sessions will feature some of the world's leading experts in exploration drilling. In addition to the technical sessions, a number of field trips will take participants to various drilling sites in the Sudbury area, as well as to plants manufacturing drilling equipment in North Bay, Orillia and Toronto.

In addition to EMR's lead role as sponsor and organizer, other federal agencies supporting the workshop are the Department of External Affairs, the Canadian International Development Agency, the Department of Industry, Trade and Commerce, and the Secretary of State.

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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/129
August 11, 1982

$6.5 MILLION FOR NATURAL GAS DISTRIBUTION SYSTEMS IN QUEBEC

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources today announced that two Quebec natural gas utilities will receive up to $6,577,719 to help finance the expansion of their natural gas distribution systems to new market areas. The financial assistance for the utilities comes from the Distribution System Expansion Program (DSEP), a major initiative of the National Energy Program aimed at eliminating Canada's dependence on imported oil.

The two distributors receiving the funding announced today are Gaz Métropolitain inc. and Gaz Inter-Cité Québec inc. Gaz Métropolitain will receive up to $4,077,419 for eight new projects in the northeastern section of Montreal Island, Vaudreuil, Kirkland, Beaconsfield, Pierrefonds and Greenfield Park. Mr. Lalonde noted that this assistance is in addition to the $2,668,287 for 32 other Gaz Métropolitain projects that were announced on July 22.

Gaz Inter-Cité Québec inc., a new natural gas distributor in Quebec, will receive up to $2,500,000 for two projects – one in Louiseville and the other in Trois-Rivières West and downtown Trois-Rivières. These distribution projects, being funded in part by DSEP grants, will form the nucleus of Gaz Inter-Cité's system.

To qualify for funding under DSEP, natural gas distribution projects proposed by utilities must meet certain criteria. First, funds are only available for projects that would be too expensive for a utility to undertake without financial assistance. Second, a project must reach customers who do not have access to natural gas service, and who now use oil for heating. And finally, all projects must be cost-effective in displacing oil.

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Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

COMMUNIQUE

82/130
August 12, 1982

MINISTER CONGRATULATES SYNCRUDE ON PRODUCTION MILESTONE

The Honourable H.A. (Bud) Olson, Minister of State for Economic Development, on behalf of the Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today congratulated Syncrude Canada Ltd. for the production of its 100 millionth barrel of crude oil since the project began in 1978.

Attending an official ceremony at the Syncrude site at Mildred Lake, 40 km north of Fort McMurray, Alberta, Mr. Olson said, "Syncrude is an excellent example of Canadian technology and ingenuity at its best. The Syncrude partnership had to create a massive, complex, new technology to unlock the rich deposits in northern Alberta's oil sands.

"There have been problems in the past, as there invariably are with any new technology. However, Syncrude has developed a remarkable capacity to solve those problems, and in the process create a workable and exciting technology," Mr. Olson said.

Syncrude was constructed between 1974 and 1978 at a total cost of $2.2 billion, and it began production in February 1978. It is licensed to produce 20 500 cubic metres (m^3) of oil per day (129,000 barrels). In May, Syncrude shipped over 634 000 m^3 (four million barrels) of synthetic crude oil, surpassing the previous monthly high by more than 39 000 m^3 (250,000 barrels).

The Minister noted that although current economic conditions are not conducive to the construction of additional oil sands plants, Syncrude is proof that once economic conditions improve, oil sands technology is both economically and technically viable.

The Government of Canada has played a key role in the Syncrude project, both through its 17 per cent direct interest, exercised by Petro-Canada, and through the pricing and fiscal measures it has provided the project.

"We look forward to this valuable project making a continuing contribution to the security of Canadian oil supply in the years to come," Mr. Olson said.

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For further information, contact: Syncrude Canada Limited
Publicity
Ruth Thomas
(403) 791-5235

Canada

SYNCRUDE BACKGROUNDER

WHERE IT IS AND WHAT IT DOES

Syncrude Canada Limited is located at Mildred Lake, about 40 km from the town of Fort McMurray, Alberta, which in turn is about 500 km north of Edmonton.

Syncrude is the world's largest oil sand extraction operation. It covers 60 km^2 of the richest deposits of the Athabasca oil sands in northeastern Alberta.

The present work-force at Syncrude is about 4,000, with a 1982 operating budget of just under $700 million.

Syncrude is licensed to produce 20 500 m^3 (129,000 barrels) of crude per day. This amount could meet about five per cent of Canada's estimated energy demand in the mid-1980s, and about eight per cent of Canada's needs by 1990. Syncrude has been –and will continue to be – a major contributor to Canadian oil supply.

WHO OWNS SYNCRUDE?

There are eight partners in Syncrude Canada Limited:

Esso Resources Canada Ltd.	25%
Petro-Canada	17%
Alberta Oil Sands Equity	16.74%
Canada-Cities Service Ltd.	13.23%
Alberta Energy Co. Ltd.	10%
Gulf Canada Resources Inc.	9.03%
Hudson's Bay Oil and Gas Co. Ltd.	5%
PanCanadian Petroleum Ltd.	4%

Each company pays a portion of the cost of the Syncrude operation, and receives a share of the production according to its equity in Syncrude.

A SHORT HISTORY

The Syncrude project dates back to 1959, when Cities Service Co. set up a pilot plant at Mildred Lake to determine the feasibility of extracting bitumen from the tar sands. (Bitumen is the name for the raw oil imbedded in the sands, and in some places it is as much as 500 metres below the ground.)

In the early 1960s, Atlantic Richfield Oil and Imperial Oil joined Cities Service and Gulf Canada, which was already a partner in the project, and in December, 1964, Syncrude was incorporated.

Plant construction did not begin until 1974, the same year that Atlantic Richfield opted out of the project because of rising costs and other uncertainties. In 1975, the Governments of Canada, Alberta and Ontario joined the Syncrude partnership, providing needed investment capital and ensuring the long-term viability of the project.

Recognizing that it faces higher costs than conventional oil producers, the Government of Canada has extended world-level prices to Syncrude production since it began operation in 1978. In addition, in the National Energy Program Update, released in June, the Government announced it will reduce the effective rate of the Petroleum and Gas Revenue Tax paid by Syncrude and Suncor from 12 per cent to eight per cent for the period January 1, 1983, to December 31, 1984.

In late 1978, after 20 years of preparation and about $2.2 billion in expenditures, Syncrude began production.

PROBLEMS

Extracting usable oil from hard-to-reach tar sands is extremely difficult — and costly.

The bulk of the work is done by four giant draglines, each costing $36 million, and each large enough to hold a two-car garage.

It takes about 12 tonnes of tar sand to produce just one cubic metre (6.2 barrels) of synthetic crude oil.

That Syncrude began production at all is a remarkable achievement, and a testament to the ingenuity and persistence of its owners. The draglines that dig the heavy bitumen out of the ground had to be specially created by Canadian technology. They were too heavy for the overburden that covered the tar sands, so trucks and power shovels were used to remove overburden so the draglines could do their work.

There have been other problems in the plant itself that have challenged Syncrude's ingenuity. But ultimately, this ability to solve problems is one of the primary benefits of Syncrude, for it is creating an innovative Canadian technology that will serve this country for years to come.

SYNCRUDE PRODUCTION

Syncrude's extraction plant mixes the tar sand with hot water and steam to produce an air-saturated slurry. An oil froth rises to the top, is skimmed off, and treated to remove water and solids.

This oil, in the form of black bitumen, then goes into the cokers, where it is "cracked" and separated into naphtha and gas-oil streams. These streams are hydrotreated to remove sulfur and nitrogen impurities, and then mixed together to produce a synthetic crude oil.

The crude oil is sent by pipeline to Edmonton, Vancouver and eastern Canada for further refining.

WHAT SYNCRUDE HAS PRODUCED TO DATE

Syncrude has been a proficient producer of crude oil. The table tells the story.

Average Synthetic Crude Shipments per Day

Thousands of cubic metres

1979	1980	1981	1982 (first half)
7 800 m^3 (49,400 barrels)	12 900 m^3 (81,000 barrels)	13 000 m^3 (81,600 barrels)	13 500 m^3 (84,800 barrels)

The yearly figures are equally impressive:

1979	1980	1981
2 860 000 m^3 (18 million barrels)	4 700 000 m^3 (29.6 million barrels)	4 730 000 m^3 (29.8 million barrels)

By the end of 1981, 12.2 million m^3 (about 78 million barrels) had been produced.

By July, 1982, Syncrude had already produced more than 3.5 million m^3 (22 million barrels) of crude for the calendar year to surpass the 100 million barrel mark in total production since the company began operations in 1978.

Canada Oil and Gas Lands Administration / Administration du pétrole et du gaz des terres du Canada

News Release

82/133
August 16, 1982

COGLA APPROVES EXPLORATORY DRILLING ON SCOTIAN SHELF

OTTAWA — The Canada Oil and Gas Lands Administration today announced approval of the drilling of a wildcat well approximately 400 kilometres east of Halifax, Nova Scotia.

The well, known as Petro-Canada et al Esperanto B-78, will be the first well drilled by the new semi-submersible drilling unit, VINLAND. It will be drilled in an estimated water depth of 90 metres to a projected total depth of 6 300 metres. Drilling is expected to begin in mid-August. The well is aproximately 20 kilometres west of Esperanto K-78 drilled to 3 540 metres by the SEDCO H in 1971.

The approval was granted under the authority of an exploration agreement between the Government and Petro-Canada Exploration Inc., Bow Valley Industries Ltd. and Husky Oil Operations Ltd. announced July 30, 1982. Project management and supervision will be coordinated by Petro-Canada from its Halifax office with marine support services originating from Mulgrave, Nova Scotia.

The drilling of this well is authorized by COGLA, which administers the Canada Oil and Gas Drilling Regulations and is responsible for the regulatory control of all oil and gas activities on Canada Lands.

- 30 -

For further information, please contact:

Maurice Taschereau
Administrator
Canada Oil and Gas Lands Administration
(613) 993-3760

Department of Energy, Mines and Resources / Ministère de l'Énergie, des Mines et des Ressources

Department of Indian Affairs and Northern Development / Ministère des Affaires indiennes et du Nord canadien

Canada

Energy, Mines and Resources Canada | Énergie, Mines et Ressources Canada

From the Office of the Minister

82/134
August 16, 1982

MINISTER ANNOUNCES NEB APPOINTMENT

OTTAWA – The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, announced today that the Governor in Council has approved the appointment of Mr. A. Digby Hunt as a Member and Associate Vice-Chairman of the National Energy Board.

Mr. Hunt is a graduate of the University of London with an Honours Degree in Geology. He is a Fellow of the Institute of Petroleum of London and a member of several geologists' associations.

After coming to Canada in 1952, he held a number of positions with various petroleum companies. In 1960 he joined the Department of Indian Affairs and Northern Development, and in 1969 was made Assistant Deputy Minister. Since 1976 he has been an Assistant Deputy Minister in the Department of Energy, Mines and Resources. He was also Chairman of the Petroleum Compensation Board and Vice-Chairman of the Lower Churchill Development Corporation.

- 30 -

For further information, contact:

Lucian Blair
Special Assistant to the Minister
Energy, Mines and Resources Canada
(613) 593-5252

Canada

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/135
August 30, 1982

MINISTER ANNOUNCES NEW NATURAL GAS PRICES AND A SPECIAL TASK FORCE ON PIPELINE CONSTRUCTION COSTS

OTTAWA — The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today announced the setting of new prices for natural gas sold in Canadian markets east of Alberta and the creation of a Special Task Force on Pipeline Construction Costs.

The new prices for natural gas are effective September 1, 1982. With the price adjustments announced today, the Government has passed on the increase in TransCanada PipeLines' (TCPL) cost of transporting gas as approved by the National Energy Board (NEB) at the end of July.

With these new prices the Government is meeting its commitment to keep the wholesale price of natural gas at about two-thirds of the crude oil price. The ratio of gas and oil wholesale prices in Toronto will average 65.2 per cent for the year. TCPL's customers in western Canada will enjoy an even more advantageous gas-oil price relationship.

The increase in TCPL's transportation tolls will have a very small impact on residential heating costs. For example annual household heating bills will increase typically by just over $8.00 in Regina and just over $19.00 in Montreal. These are increases of only 1.8 per cent and 2.4 per cent respectively.

Mr. Lalonde said, "The Government set interim gas prices for August 1 as we had not had the opportunity to study the National Energy Board's Reasons for Decision on TCPL's transportation costs. Having now done so I am struck by the austerity of that Decision."

The approved costs are $100 million less than TCPL had requested. A major feature of the decision is the change in the method of calculating the allowance for income taxes. This measure alone reduces the company's net cash flow by $89 million.

In addition, the company has lost $8.7 million in revenues in August because the interim prices did not allow TCPL to charge the new tolls. This will effectively result in the company earning a return to common equity of 15.4 per cent, which is even less than the 15.75 per cent it had been allowed in 1981.

"The Government has reviewed the Board's decision in the context of our 6/5 policy on wage and price restraint," the Minister added. "The Government is very encouraged by TCPL's positive response to the restraint policy. In letters to me and to the National Energy Board, the company has undertaken to limit wage and salary increases to 6 per cent in 1983 and 5 per cent in 1984."

The principal reason for this year's toll increases is the large expansion of the pipeline system. These additions have been needed to bring more Alberta gas to the growing eastern Canadian market.

This summer, for example, TCPL has added to its line in Saskatchewan and Manitoba, and is constructing the 'North Bay Short Cut' which cuts across eastern Ontario to shorten dramatically the distance gas is transported to reach Montreal and other Quebec markets.

TCPL is also involved in the Trans Québec and Maritimes (TQM) pipeline project. It is expected that this pipeline will reach Trois-Rivières by the fall and Quebec City by next year.

"These projects are fundamental to the Government's energy policies of off-oil conversion and gas market expansion," Mr. Lalonde said . "TCPL is meeting the challenge of the National Energy Program and I am confident that they will continue to do so."

TCPL's construction program has also provided many employment opportunities and other economic benefits, since pipeline materials are largely produced in Canada. There are about 1,800 workers on the North Bay Short Cut, a further 650 at work on the Prairie sites, and over 1,000 more building the TQM project in Québec.

Escalating costs in Canadian pipeline construction generally have been documented in a recently released National Energy Board study. The Minister said he wishes to carry this work forward and is creating a Special Task Force whose mandate is to find ways of arresting rising costs in line with the Government's 6/5 policy of restraint.

"A joint effort is required to bring inflation down," Mr. Lalonde said, "and I will draw from all parties – consumers, labour, industry and the federal and provincial governments – for this task force."

- more -

To cushion the impact on gas consumers of TCPL's construction, the Minister has written to the Chairman of the National Energy Board asking the Board to investigate ways of more gradually including capital costs in transportation tolls.

"I hope that at the next toll and tariff hearings for TCPL, such 'levelizing' of tolls will be considered," Mr. Lalonde concluded.

- 30 -

For further information, please contact:

Georgina Wyman
Director-General
Natural Gas Branch
Energy, Mines and Resources
(613) 995-2500

82/135 (a)

BACKGROUNDER

NATURAL GAS PRICING

TransCanada PipeLines (TCPL) buys gas produced in Alberta and ships and sells it in export and eastern Canadian markets. Its cost of transporting gas undergoes public review by the National Energy Board (NEB) under Part IV of the NEB Act to ensure that it is "just and reasonable". This cost is called the "Cost of Service" and is allocated to the export market and among five domestic market areas or "zones" on the basis of volumes sold and distance travelled. A map of TCPL's system showing the five domestic zones is attached to this backgrounder.

The "tolls" are derived from these allocated costs and are TCPL's charges to its customers for transporting gas. The tolls enable TCPL to recover the costs allowed by the Board. The Government, under Part III of the Energy Administration Act, sets "city gate" prices for natural gas sold by TCPL in domestic markets. The city gate prices are the sum of the Alberta Border Price and TCPL's transportation tolls.

The price distributors pay for TCPL's gas is called the wholesale price and includes the city gate price plus two federal taxes. By virtue of the Government's energy policy as reaffirmed in the National Energy Program Update of May 1982, the wholesale price in eastern Canada is capped at about two-thirds of the price of crude oil. The federal tax component of that price is frozen at 77¢/GJ for the year. The Alberta Border Price, or producer price, increases in fixed increments pursuant to the Canada-Alberta Agreement of September 1981.

While the federal government provides strong incentives to consumers to use gas, including keeping the wholesale price of gas to about two-thirds the price of crude oil, the ultimate price paid by the consumer includes an additional component covering the costs of the distribution companies. These companies and the prices they charge are regulated by provincial regulatory boards.

Chart I (on page 2) shows the level of each of the components of the wholesale price of gas for September and illustrates how the annual gas/oil price ratio of 65.2 per cent is calculated.

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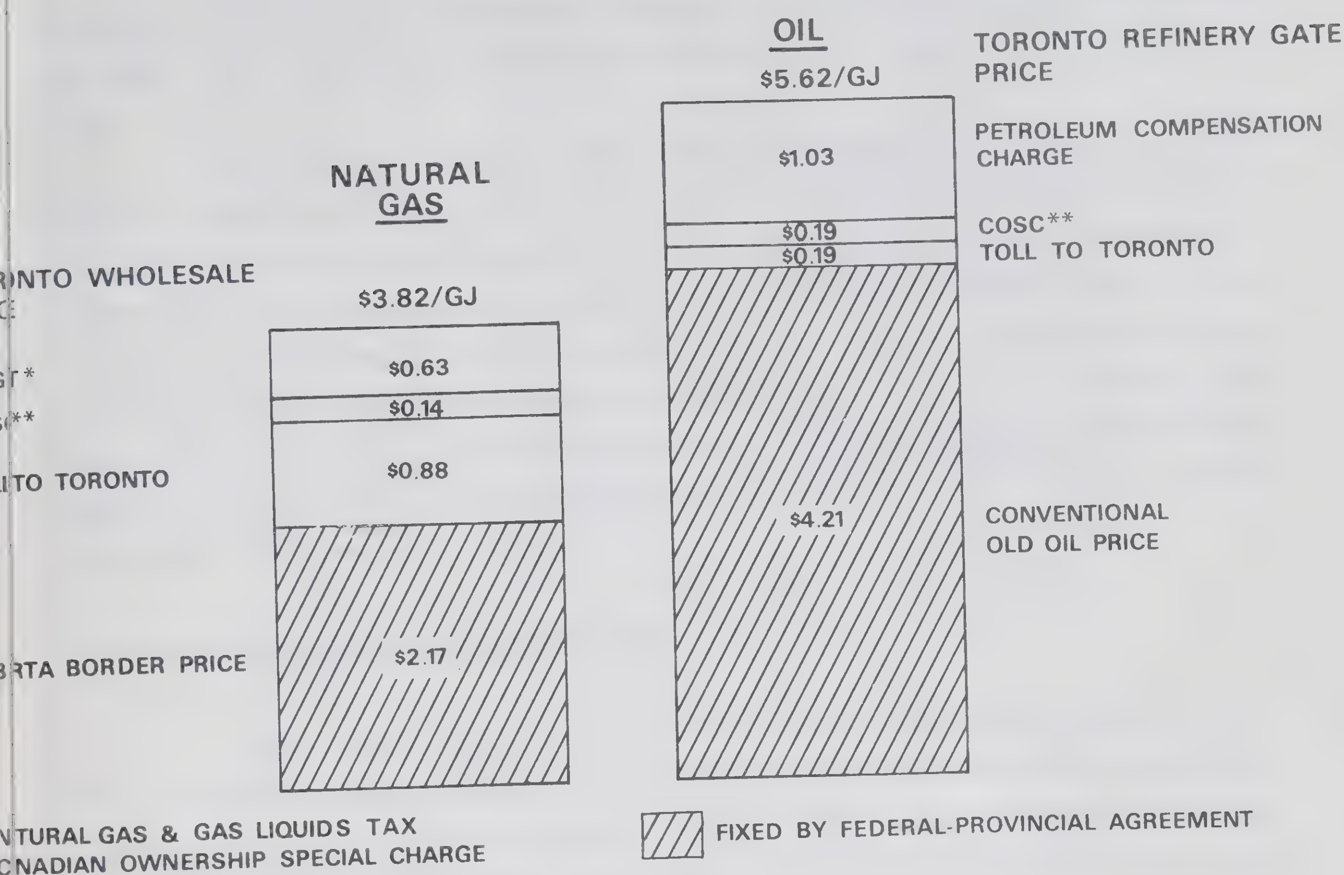
NATURAL GAS AND OIL PRICES
SEPTEMBER 1, 1982



ANNUAL AVERAGE GAS / OIL PRICE RATIO

	GAS	OIL		RATIO
	$/GJ	$/M^3	$/GJ	
JANUARY	2.905	202.26	5.255	55.3%
FEBRUARY TO JUNE	3.450	202.26	5.255	65.7%
JULY	3.450	216.42	5.622	61.4%
AUGUST	3.698	216.42	5.622	65.8%
SEPTEMBER TO DECEMBER	3.818	216.42	5.622	67.9%
ANNUAL AVERAGE	3.548	209.34	5.438	65.2%

THE PRICES ANNOUNCED TODAY

The price adjustment announced today is effective September 1, 1982, and replaces interim prices set a month ago. It provides for new TCPL tolls as allowed by the NEB. These tolls are significantly lower than those originally applied for by TCPL.

The interim city-gate prices set by the Government allowed for the August 1, 1982 rise in the Alberta Border price of gas from $1.93/GJ to $2.17/GJ provided for by federal-provincial agreement. There was a small adjustment in TCPL's tolls made at that time because of the impact of the Alberta Border Price increase on the company's own fuel costs. However, the toll adjustment did not enable TCPL to recover any of the other cost increases that had been allowed by the NEB. The Government did not make a price adjustment in August for these other costs because it had not had the opportunity at that time to study the Board's Reasons for Decision.

CONSUMER IMPACT OF TOLL INCREASE

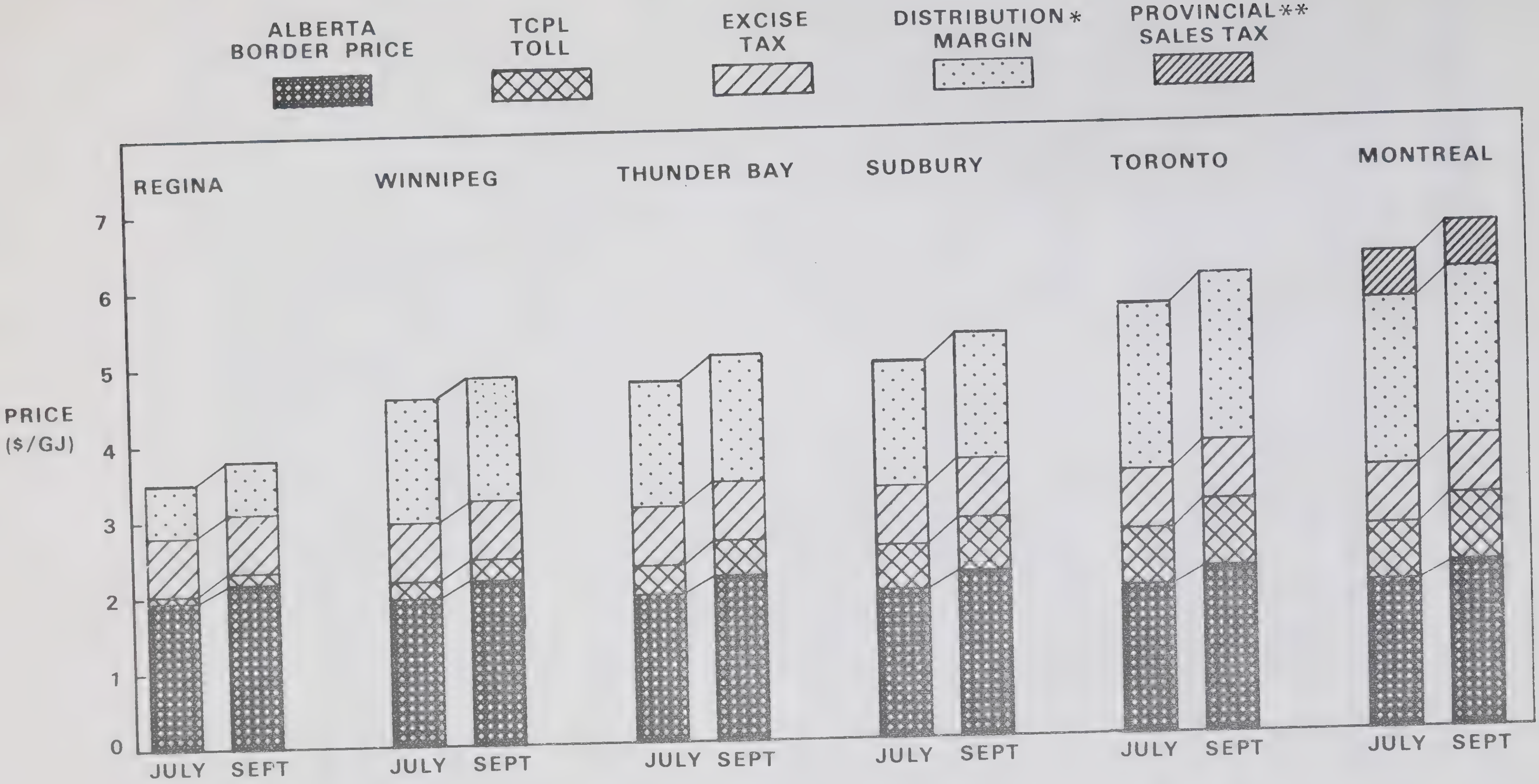
Table I below demonstrates the impact of today's toll adjustments on annual residential home heating bills. Heating costs will increase by very small amounts. The largest increase in any of TCPL's market areas will typically be less than $20 over the year. Chart II (on page 4) illustrates the components of the residential gas price.

TABLE I

TOLL IMPACT ON ANNUAL RESIDENTIAL HOME HEATING

CITY	PREVIOUS BILL	INCREASE DUE TO TOLL	% INCREASE DUE TO TOLL
Regina	$474	$ 8	1.8%
Winnipeg	$568	$ 6	1.0%
Thunder Bay	$638	$11	1.7%
Sudbury	$679	$16	2.0%
Toronto	$743	$19	2.7%
Montreal	$826	$19	2.4%

RESIDENTIAL NATURAL GAS PRICES



* PROVINCIALLY REGULATED

** QUEBEC ONLY

NEB DECISION ON TCPL's TOLLS

The NEB considered TCPL's application for new costs and tolls for the period August 1, 1982, to August 1, 1983, in a public hearing held this summer. TCPL estimated that its costs of transporting gas over the next year would be $1,030 million compared with $731 million for the previous year. The increase reflected a greater volume of gas sales, particularly in eastern Canada, and a significant expansion of the gas pipeline system. The NEB, in an austere decision, disallowed approximately $100 million from these costs resulting in an adjusted Cost of Service of $930 million.

In reviewing TCPL's costs in light of the changing economic and fiscal climate, the Board required TCPL to revert to a flow-through rather than normalized method of calculating income taxes. Under the flow-through method, TCPL is provided an allowance for income taxes derived from taxable income, rather than an allowance based on accounting income. The consequence of this change, coming at an expansionary period for the company, is that TCPL will collect $89 million less through its toll than it would have under a normalized tax system. As a result, the Board's decision significantly reduced TCPL's tolls from what the company had requested.

TCPL's NEW FACILITIES

The majority of the increase in TCPL's tolls is related to the costs of constructing and financing new pipeline facilities.

New facilities on TCPL's system include almost 800 kilometres of "looping" in Manitoba and Saskatchewan to meet growing domestic demands. Looping is the expansion of capacity by laying a new line parallel to the existing pipeline. The company is also building the 'North Bay Short Cut' which will provide downstream capacity to serve eastern Canada. Finally there is the Trans Québec and Maritimes (TQ&M) pipeline, which is fundamental to the Government's off-oil objectives by extending gas service to Québec and the Maritimes.

As a result of these additions, TCPL's regulated assets have increased from $1.4 billion to $2.4 billion.

SPECIAL TASK FORCE ON PIPELINE CONSTRUCTION COSTS

In July 1982, the National Energy Board (NEB) released a study of the escalation in pipeline costs since 1975. A significant finding of this study is that industry-wide cost increases in the pipeline sector have consistently and considerably exceeded the general industrial inflation rate.

In order to follow up on this work with positive action geared towards arresting this trend in pipeline cost escalation in a manner consistent with the Government's anti-inflation policy, the Minister of Energy, Mines and Resources will be initiating a Special Task Force. The Minister is concerned that if this cost escalation continues, the financial viability of pipeline construction could be jeopardized, and some major projects could be endangered.

The mandate of the Special Task Force is to recommend action that will prevent further increases in the cost of pipeline construction in Canada, and where possible, lower them. Specific issues addressed by the Task Force will include:

- identification of reasons for cost increases (for example, the role of labour rates, use of advanced technology, regulatory requirements, environmental and socio-economic reasons); and

- identification of all parties able to contribute towards arresting the upward movement of pipeline construction costs, and development of actions needed to better control costs.

The Task Force will be asked to make specific recommendations to the Minister of Energy, Mines and Resources concerning areas within his jurisdiction able to help bring about desired changes.

LEVELIZING

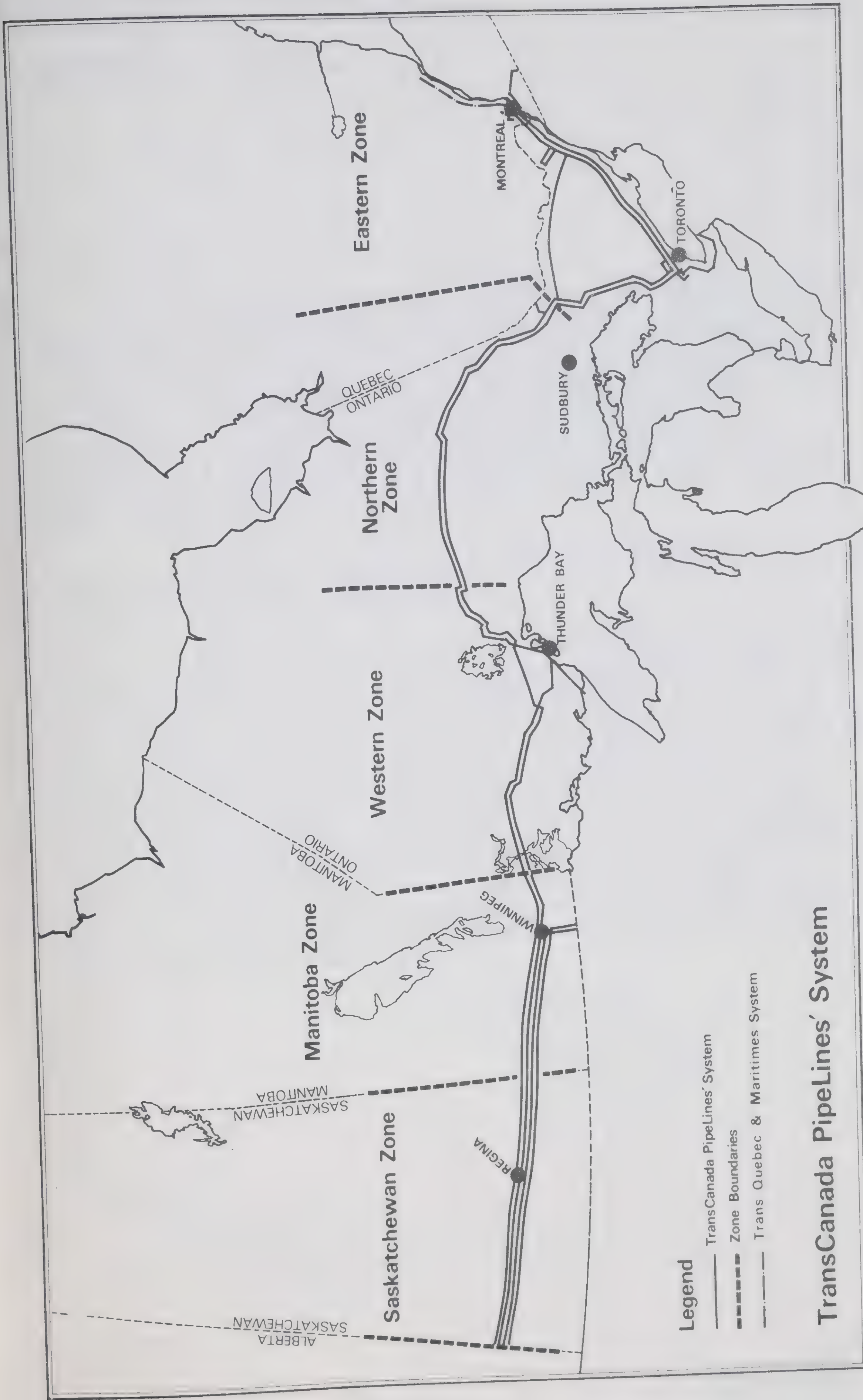
Traditional regulatory methods provide a return to investors on a depreciating asset base. Efficient pipeline design entails constructing a system to handle both current and future volumes. Together, these result in transportation tolls associated with a facility starting high and progressively declining. Furthermore, it means that if a major expansionary phase occurs (as is the case with TCPL), there will be a sudden jump in the tolls. This result is exacerbated by the effects of inflation, even though lower levels of inflation will help dampen the trend.

.../7

"Toll levelizing" refers to methods of gradually bringing new capital costs into a regulated company's rate base in order to deal with these effects. The applications of these techniques to TCPL would mean that gas consumers would pay less now than otherwise.

The National Energy Board has recognized the need for more flexible rate making but has not yet used this method for TCPL's tolls. The Minister is requesting that the Board look into the use of levelizing under these circumstances. Attached to this Backgrounder is a letter from the Minister to the Chairman of the NEB addressing this issue.

- 30 -



TransCanada PipeLines' System

Minister of Energy,
Mines and Resources

Ministre de l'Énergie
des Mines et des Ressources

The Honourable
Marc Lalonde

L'honorable
Marc Lalonde

Dear Mr. Edge:

Thank you for your staff's recently completed study on the escalation of pipeline costs. With the many pipeline projects and expansions of existing lines currently being planned or under construction, the findings of this report are particularly timely. TransCanada PipeLines' most recent rate adjustments indicate clearly the impact of costly system expansion on transportation tolls. In response to the problems documented in the Board report, I am establishing a Special Task Force on Pipeline Construction Costs to carry forward that work and to recommend positive steps which can be taken to arrest inflation in this area.

I am very interested in the possibilities of tariff "levelizing" as a more immediate step to reduce the impact of major pipeline construction on consumers.

I recognize that the National Energy Board, in conjunction with McGill University, has already called a major conference on this subject in November to which all segments of industry, as well as other parties interested in National Energy Board toll and tariff hearings, have been invited. Further, I understand that the Board has already ordered the subject of levelizing to be considered in a forthcoming public hearing on TransQuebec and Maritimes Pipelines' tariffs which is to start September 28, 1982. I believe it to be urgent that tariff levelizing be applied in respect of TransCanada PipeLines and would hope this to be considered at that company's next tolls and tariffs hearing. I expect that with the results of the conference and the forthcoming hearings, substantial progress can be made in reducing the initial high impact on the tolls of new pipelines and of major pipeline expansions.

Yours truly,

Marc Lalonde

Marc Lalonde

Mr. C.G. Edge
Chairman
National Energy Board
Trebla Building
473 Albert Street
Ottawa, Ontario
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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/136
August 17, 1982

FEDERAL GRANTS AWARDED TO THREE ENERGY ORGANIZATIONS

OTTAWA – Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today announced grants to three organizations in recognition of their contribution to energy conservation and the use of renewable energy.

The Solar Energy Society of Canada, with headquarters at Winnipeg was granted $10,000 for the important and continuing role that the organization has played in the development of solar energy in Canada. The Biomass Energy Institute, also of Winnipeg, and the Brace Research Institute, of Sainte-Anne-de-Bellevue, Quebec, both received $5,000 grants recognizing their contribution to the development of renewable energy use in Canada.

Mr. Lalonde said progress in renewable energy since the initial government incentives in 1978 and the initiatives embodied in the National Energy Program has been substantial. The Minister added that the growing use of renewable energy in Canada is due in no small part to the work of these three organizations in making non-petroleum energy alternatives better known.

"It is through such initiatives that energy self-sufficiency, one of the main goals of Canada's National Energy Program, will be achieved."

\- 30 -

For further information contact:

Don Strange
Director, Renewable Energy
(613) 995-9447

Canada

Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

COMMUNIQUE

82/138
August 17, 1982

OVER $3.9 MILLION AWARDED TOWARDS SASKATCHEWAN GAS EXPANSION PROJECTS

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today announced that the Government of Canada has awarded funds up to a total of $3,965,732 to the Saskatchewan Power Corporation to help finance the expansion of natural gas distribution systems.

Funds will be made available to the utility under the Distribution System Expansion Program (DSEP), a major initiative of the National Energy Program aimed at eliminating Canada's dependence on imported oil.

The Saskatchewan Power Corporation has received DSEP funding for 14 gas extension projects primarily in the eastern-central and northwest regions of the province. Rural communities to receive gas service as a result of these extension projects include Vawn, Tuffnell and West Valparaiso.

In order to qualify for funding under DSEP, natural gas expansion projects proposed by utilities must meet certain criteria. First, funds are available only for those projects which would be too expensive for a utility to construct and operate without financial assistance. Second, a project must reach customers who do not have access to natural gas service, and who use oil for heating. Third, all projects must be cost-effective in displacing oil.

DSEP funding is provided partially from the Market Development Incentive Payments made to the Government of Canada by the Province of Alberta in accordance with the September 1, 1982 Canada/Alberta Agreement, and partially from funds allocated under the Government of Canada's National Energy Program.

Consumers should contact their local utility to determine whether access to natural gas is feasible under DSEP.

- 30 -

For further information, please contact:

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Senior Program Advisor
Natural Gas Branch
Energy, Mines and Resources Canada
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Canada

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/139
August 23, 1982

NEW ENERGY CONSERVATION PROJECTS TO BEGIN IN GANDER, NEWFOUNDLAND

On behalf of the Honourable Marc Lalonde, Minister of Energy, Mines and Resources, George Baker, MP for Gander-Twillingate today announced three new energy conservation initiatives will be launched in Gander, Newfoundland.

One project to start in September, said Mr. Baker, will involve the installation of Telidon computer information terminals in three building supply stores in Gander. The terminals will allow consumers and store staff to access a range of information on energy conservation and related Government of Canada programs. The Department of Energy, Mines and Resources has picked Gander as the initiation point for the one-year pilot project. If Telidon proves to be an effective educational and promotional tool for building supply stores and consumers, similar projects will be undertaken in a number of other Canadian stores marketing energy conservation products.

Another project starting next month will involve the participation of Gander church congregations in a range of community energy management information activities under the guidance of the Ecumenical Energy Working Group, an inter-faith organization involved in energy initiatives.

"The Government of Canada believes that a substantial increase both in understanding and action with respect to energy conservation can be achieved by working with and through local organizations," said Mr. Baker.

As for the third initiative, a number of Gander homes will be selected in December for a pilot residential on-site audit project to be conducted by Shawmont Engineering of St. John's on behalf of the Department of Energy, Mines and Resources. This project is designed to improve the effectiveness of energy conservation investments in the residential sector, particularly those investments being implemented under the enhanced conservation component of the Canada Oil Substitution Program, (COSP), said Mr. Baker.

The objectives of these three initiatives are to motivate homeowners to become involved in energy conservation and to effectively use federal programs such as COSP and the Canadian Home Insulation Program (CHIP). These initiatives will also create employment opportunities in and around Gander.

- more -

Mr. Baker added that "these three projects, at an estimated total cost of $85,000, combined with ongoing EMR activities in Newfoundland, present an integrated energy conservation and oil substitution program for Gander residents that could well serve as a model for other Canadian communities."

- 30 -

For further information call:

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Conservation and Renewable Energy Office
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or

Rick McKenzie
Canadian Home Insulation Program
Energy, Mines and Resources
Ottawa, Ontario
(613) 995-1118 ext. 263

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

Nova Scotia Department of Mines and Energy

82/140
August 18, 1982

CANADA-NOVA SCOTIA TO FUND TEST WELL FOR METHANE GAS

The Honourable Marc Lalonde, federal Minister of Energy, Mines and Resources, and the Honourable Ron Barkhouse, Nova Scotia Minister of Mines and Energy, today announced details of a project to drill and test a coal demethanation well in the Pictou coalfield near New Glasgow.

Noval Technologies Ltd., a subsidiary of Nova, an Alberta Corporation based in Calgary, will carry out the work with funding of $250,000 under terms of the Canada-Nova Scotia Agreement on Oil Substitution and Conservation.

An evaluation of test results from this well and six previous wells drilled by Noval in a joint venture with Petro-Canada Explorations Inc. will determine the viability of a full-scale development to produce methane gas for sale to local industries.

Demethanation is the term used for the extraction of methane gas from coal seams. Methane in coal seams is present as free gas filling the pores and crevices in the coal and associated rocks and as gas adhering to the surface of the coal.

In announcing the financial assistance, the two ministers noted that the joint venture has already spent about $3 million in Nova Scotia on the demethanation project without any financial assistance from governments.

Drilling of the well is to begin this summer and testing should be completed by the end of 1982.

If this well proves the viability of commercial production, a 10-well development is proposed, with production spread over a 20-year period. Such a development would produce about 30,000 cubic metres of gas per day in its first years of operation.

- 30 -

For further information, please contact:

Dr. Phil Read
(613) 995-1118/725-2358

or

Rick Hornby
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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/141
August 23, 1982

NEWFOUNDLAND RESIDENTIAL ENERGY AUDIT PROGRAM TO BEGIN IN MID-AUGUST

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today announced that a pilot residential energy audit project, designed to improve the effectiveness of the Canada Oil Substitution Program (COSP) will be launched in Newfoundland in mid-August.

The Newfoundland pilot residential audit includes approximately 100 homes located in St. John's, Goose Bay and Gander, said Mr. Lalonde. The homes, yet to be selected by the project contractor, Shawmont Engineering of St. John's, will be pilot tested from September to December.

Similar pilot projects are being developed in the Yukon and Northwest Territories to improve the effectiveness of energy conservation investment in the residential sector. A pilot project is presently underway in Prince Edward Island as well.

The Newfoundland pilot project is designed to directly assist homeowners to obtain the best advice on energy improvement measures.

"The overall objective of the project", said Mr. Lalonde, "is to motivate homeowners to take action and to make the most effective use of federal programs such as COSP and the Canadian Home Insulation Program (CHIP)."

The energy advisory service will help homeowners evaluate the current thermal status of their homes and the factors affecting fuel consumption. Once the problem areas are identified, qualified energy auditors will propose solutions and improvements and provide guidance for better operational efficiency. Estimates of costs and paybacks will be provided to homeowners who wish to take advantage of grant funds available under COSP and CHIP.

CHIP provides taxable grants of up to $350 for approved insulation materials including weatherstripping, caulking and vapour barriers, plus one-third of the cost of contracted labour to install these materials up to a maximum of $150. Homes of three storeys or less built before January 1, 1977, are eligible for CHIP grants in Newfoundland.

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In addition to CHIP, grants of up to $800 are offered under COSP. In Newfoundland, where neither natural gas nor reasonably priced electricity is available as an alternative to oil, grants are available to homeowners who undertake measures such as retrofitting oil furnaces, adding insulation and improving air tightness.

"It is estimated that Newfoundland householders who make optimal use of grant funds can reduce their residential space heating consumption by an average of 35 per cent," said Mr. Lalonde.

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For more information call: Jack Smith,
Energy, Mines and Resources
Ottawa, Ontario
(613) 995-1118

or

Nat French
Conservation and Renewable Energy Office
Energy, Mines and Resources Canada
St. John's, Newfoundland
(709) 772-5464

From the Office of the Minister

82/142
August 18, 1982

OTTAWA — The Honourable Marc Lalonde, Minister of Energy, Mines and Resources today released the attached response to a letter, dated August 16, 1982, from Harvie Andre (PC-Calgary Centre) about the Government of Canada's energy security advertising campaign.

- 30 -

For further information, contact: Lucian Blair
Special Assistant to the Minister
(613) 593-5252

August 18, 1982

Dear Mr. Andre:

I am writing in response to your letter of August 16th, 1982.

The cost to date, of the Government of Canada's energy security advertising campaign, which is national in scope, is as follows:

English-language radio ads:	$329,321.98
French-language radio ads:	70,563.18
English-language daily newspaper ads:	144,415.44
French-language daily newspaper ads:	30,903.56

Now that the legislation enacting the National Energy Program has been given Parliamentary approval, you will no doubt agree that all Canadian citizens have a right to know what programs are in place and available to them. As well, you may agree that Canadians have a right to know how tax dollars are being used to develop conservation and substitution programs aimed at self-sufficiency.

The Government of Canada believes it is important that Canadians continue to stress conservation and substitution away from oil as a means of attaining energy security. This can be accomplished, in particular, through a complete awareness of the oil substitution and conservation programs at their disposal.

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Mr. Harvie Andre, M.P.
Calgary Centre
Room 152 C.B.
House of Commons
Ottawa, Ontario
K1A 0A6

We also believe it is vital that all Canadians be aware of the efforts being made to utilize natural gas from Alberta and Saskatchewan. It is equally important that Canadians know about the initiatives being developed by the National Government and the Government of Alberta to alleviate the potential for shut-in western oil.

I am releasing this letter to the media, as you have done with your correspondence.

Sincerely,

Marc Lalonde

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/144
August 31, 1982

ELECTRICITY EXPORT LICENCE CONFIRMED

OTTAWA — The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, announced today that the Government of Canada concurs with the decision of the National Energy Board (NEB) in allowing the New Brunswick Electric Power Commission to export electricity generated by the Point Lepreau CANDU nuclear power plant to utilities in the New England region of the northern United States.

Construction of the Point Lepreau plant by New Brunswick Power began in 1975 with substantial assistance from the Government of Canada.

The 600-megawatt Point Lepreau reactor was granted an operating licence by the Atomic Energy Control Board (AECB) on July 19, 1982. Commissioning tests aimed at increasing power levels are now being conducted, and the unit is expected to become fully operational in the fall of 1982.

New Brunswick Power applied to the NEB for the export licence on the basis that a portion of Point Lepreau's power output would be in excess of present Canadian needs.

The NEB granted the export licence after examination of information submitted with New Brunswick Power's application. It also considered submissions presented by 18 intervenors during public hearings in Ottawa and New Brunswick.

The NEB expressed satisfaction that the amount of power proposed for export under all parts of the application is surplus to reasonably foreseeable Canadian demands.

Mr. Lalonde said the Cabinet decision may pave the way for additional sales of nuclear electricity at a time when the Canadian nuclear industry is operating at less than its maximum capacity.

"Selling electrical power to the United States will earn foreign exchange and contribute positively to Canada's balance of payments, indirectly strengthening the value of the Canadian dollar against U.S. currency," said the Minister.

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Even though all Canadians stand to benefit, Mr. Lalonde said citizens of New Brunswick will be recipients of the most immediate employment and economic spin-offs resulting from the export sale of electricity.

The Minister said the safety and efficiency record of CANDU reactors undoubtedly contributed to the purchase of Point Lepreau output by the U.S. utilities.

The contracts provide for the recovery of the full commercial costs of Point Lepreau production and the purchasing utilities accept the risk of payment even if the plant is not operating.

"The willingness of U.S. utilities to purchase Point Lepreau output under contracts of this type reflects an important expression of confidence in the expected reliability of the CANDU design," said Mr. Lalonde.

Eight large CANDU units in Ontario have outstanding performance records for safety, reliability and economy. Twelve more are under construction in Ontario and four others elsewhere: Point Lepreau, and one each in Quebec, Argentina and South Korea.

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For further information, please contact: A.R. Scott
Director General
Electrical Energy Branch
Energy, Mines and Resources Canada
(613) 995-1118

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/145
September 1, 1982

$7.2 MILLION IN ADDITIONAL FUNDS AWARDED FOR GAS EXPANSION IN 1982-83

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today announced the allocation of an additional $7.2 million for this year's Distribution System Expansion Program (DSEP), a major off-oil initiative of the National Energy Program. These funds are in addition to the $30 million provided to utilities in March 1982.

DSEP makes funds available to assist natural gas utilities to finance the cost of expanding their distribution systems to new market areas. Of the $7.2 million, $1.2 million is available for projects in British Columbia, and $6 million is available for projects undertaken by utilities in Saskatchewan, Manitoba, Ontario and Quebec.

Construction is already underway on projects approved for funding with the original $30 million. With the additional funds, utilities will have the opportunity to undertake additional projects in 1982-83, thereby further reducing Canada's dependence on oil.

Mr. Lalonde noted that in addition to reducing Canadian dependence on oil, DSEP is generating new jobs and additional spin-off benefits as utilities hire more construction crews and purchase more equipment.

In order to qualify for funding under DSEP, utility expansion projects must meet certain criteria. First, funds will be available only for system expansion projects that would be too expensive for a utility to undertake without financial assistance. Second, a project must reach customers who do not have access to natural gas service, and who use fuel oil for heating. Third, all projects must be cost-effective in displacing oil. The assistance available for each project from DSEP is the amount required to make a project financially viable.

DSEP funding is provided partially from the Market Development Incentive Payments made to the Government of Canada by the Province of Alberta in accordance with the September 1, 1981 Canada/Alberta Agreement, and partially from funds allocated under the Government of Canada's National Energy Program.

The Province of Alberta, while not directly participating in DSEP projects, will realize the benefit of significantly expanded gas markets as a result of the Program.

Consumers interested in determining whether access to gas is feasible under DSEP should contact their local utilities for further information.

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For further information, please contact: Kristine Pieuk
Senior Program Advisor
Natural Gas Branch
Energy, Mines and Resources Canada
(613) 995-9351

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/146
September 9, 1982

MINISTER REJECTS AS UNFOUNDED, DOUBTS ABOUT PIP FUNDING

The Honourable Marc Lalonde, Minister of Energy, Mines and Resources, today rejected as totally unfounded suggestions reported in the press that the Petroleum Incentives Program (PIP) is in jeopardy.

"Those who claim that the Government of Canada is worried about the level of expenditures under this Program have it completely wrong," the Minister said. "PIP expenditures are an important indicator of progress towards our energy security and Canadianization objectives. Thus, I would be worried about PIP expenditures if they turned out to be lower than expected, reflecting less-than-hoped-for response by the industry to the new incentives."

Mr. Lalonde stressed that the Government of Canada has an energy program for the decade and that the Petroleum Incentives Program is an essential element of the drive towards increased Canadian participation in energy development and the achievement of energy security.

"As I noted in the National Energy Program Update 1982, PIP is a feature of the Canada-Alberta Agreement, which will run until 1986. Beyond that time, the achievement of sustained self-sufficiency and success in our Canadianization goals will clearly determine the nature of PIP for the rest of the decade," the Minister said.

The fact that PIP is an integral part of the Canada-Alberta Agreement should, in itself, lay to rest any doubts about PIP, Mr. Lalonde noted. He pointed to Section 14 of the Agreement which specifies that neither the Government of Canada nor the Government of Alberta may alter the taxes or expenditures – including PIP – specified in the Agreement, in a manner which will significantly reduce the aggregate revenues flowing to the oil and gas producing industry.

"Against this background, it is puzzling that some appear to believe that major modifications to PIP are in prospect," said the Minister. He added that budgetary provision has been made for future years of the Program, noting that particular care had been taken in estimating expenditures on the Canada Lands, where the incentive rates and per-well costs are highest.

"Money has been provided for in the overall budgetary framework. We are eager to see the rate of uptake increase, both through increased levels of exploration, and through increased Canadian participation in the effort," said the Minister.

To date some 142 applications have been submitted to the federal PIP administration, totalling approximately $600 million in requested incentives. These applications are being expedited and payments are being made. Of course, a large number of applications have also been made to the Alberta government, which funds and administers this program in the Province of Alberta.

Mr. Lalonde stressed that federal officials of the Petroleum Incentives Administration were available in both Ottawa and Calgary offices to assist applicants with their PIP applications and in requesting their Canadian Ownership Rate (COR) and Control Status (CS) determination. He also noted that the PIP Act and Regulations allow any PIP applicant who is experiencing justifiable time delays in completing his COR application to request that the Minister fix his COR on an interim basis. Mr. Lalonde noted that this provision should assist companies in quickly gaining access to PIP funds.

The Minister expressed disappointment that some industry analysts and advisors had reportedly chosen — without, apparently, attempting to ascertain the Government's position — to make negative statements about the future of PIP.

"Not only are they wrong, but the uncertainty they create is extremely harmful to the industry, to investors, and to Canada's energy and economic situation," Mr. Lalonde said. "I would urge them to refrain from further assertions of this kind, for they can only do harm to those they seek to serve."

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For further information, please contact: Margaret Nevin
Press Attaché to the
Honourable Marc Lalonde
Energy, Mines and Resources Canada
(613) 593-5252

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/147
September 13, 1982

URANIUM TAILINGS RESEARCH PROGRAM ANNOUNCED

The Honourable Judy Erola, Minister of State for Mines, today announced details of a five-year federal research program to study the potential long-term effects of uranium mine and mill wastes.

The $9.5 million program, aimed at speeding development of technology to reduce harmful effects of waste materials from uranium mining and milling, stems from the recommendations of the National Technical Planning Group on Uranium Tailings Research, under the chairmanship of Dr. Philip A. Lapp.

The Planning Group's report, also made public today, follows a year-long review of uranium tailings management in Canada by representatives from the federal government and the governments of Saskatchewan, Ontario and Newfoundland, as well as from provincial research councils, Canadian universities and the uranium mining industry.

There are more than 130 million tonnes of uranium mine and mill waste in various tailings piles in Canada at present, and this volume could triple by the end of the century. The Planning Group's report concluded that there is a need to coordinate investigation results and analytical data on uranium tailings, and that a deeper understanding is needed of the process whereby contaminated elements are transferred from tailings to the biosphere. Also needed is a clearer definition of the requirements for managing uranium mine wastes following close-out of mining operations.

Noting that the report had recommended establishment of a joint program involving the uranium-producing provinces of Ontario and Saskatchewan as well as the federal government, Mrs. Erola expressed the hope that these provinces might eventually participate.

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A National Tailings Program Office will be established in Ottawa to administer the federal research program; the office will be responsible to a board representing federal and other interested agencies. The tailings research program has three principal components:

- a mathematical and computer modelling activity, to facilitate the prediction of long-term contaminant release and dispersion;
- a field measurement project, focusing on three specific sites, to measure contaminant levels and verify mathematical models; and
- a disposal-technologies project to develop alternative long-term disposal techniques.

Objectives for completion by the end of the program include: a preliminary set of models and associated codes; full instrumentation of three tailings basins and accumulation of at least two years of field data; establishment of a national uranium waste management data base, as well as uniform standards for field measurements; preparation of a preliminary manual for deriving site-specific mine close-out actions. Although the federal program will be reduced in size and range from the joint federal/provir program recommended by the Planning Group, the proposed substance and structure will be retained.

The report also recommended a major review of the program at its conclusion.

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For further information contact: G.M. Ritcey
(613) 995-4124

Copies of the Report of the National Technical Planning Group on Uranium Tailings Research are available from the Technology Information Division, CANMET, 555 Booth Str:et, Ottawa K1A 0G1.

BACKGROUNDER
URANIUM TAILINGS RESEARCH PROGRAM

At present there are about 130 million tonnes of tailings in waste-disposal areas at uranium mill sites in Canada, almost all in the Elliot Lake area of Ontario and the Beaverlodge and Rabbit Lake areas of Saskatchewan. Although for about one third of this material the mills have shut down, most of these tailings are under active management to keep release of contaminants below the allowed limits. Nevertheless, several tailings piles – amounting to about eight million tonnes of waste – have been abandoned entirely.

In 1980, EMR's Canada Centre for Mineral and Energy Technology (CANMET) established the National Technical Planning Group on Uranium Tailings Research, under the chairmanship of Dr. Philip A. Lapp. The Planning Group's mandate was to review current practices and plan a research program on the management of wastes after the uranium mine and mill have shut down. The objective is to develop methods for tailings disposal that would ultimately make further management unnecessary.

The Planning Group consisted of representatives from the federal government, the governments of Ontario, Saskatchewan and Newfoundland, the uranium producers, provincial research organizations, and universities. A federal-provincial steering committee was formed to guide the work of the Group and act on its final report.

Uranium Tailings and Current Management Practice

Uranium tailings are discharged from the mill in the form of a slurry containing from 25 to 40 per cent solids. Most of this material is gangue – the worthless minerals in the uranium-bearing ore. About 15 per cent of the radioactivity contained in the ore is accounted for in the mill product itself; the remaining 85 per cent is discharged with the tailings.

Chemical constituents in a tailings basin may pass from the waste management area into the surrounding environment by a number of different pathways – through the air, through ground or surface water, via the food chain and via direct radiation from the tailings. Tailings constituents so reaching the external

environment – and man – constitute potential health hazards. Regulatory agencies therefore set control levels on contaminant concentrations which require the mines to control the rate of release from the waste management area.

Tailings management starts in the mill, where the acid tailings slurry is neutralized before being discharged into the tailings basin. The basin often is located in a natural depression, but dams are normally required for containment because of the large volume of tailings. Within the basin, solids are settled out and retained, while the relatively clean liquid overflows to an effluent treatment pond. This liquid still contains radium which is precipitated using barium chloride. Over a period of several days, the precipitant settles as a sludge on the bottom of the pond. Water flowing from the pond must meet federal and provincial environmental standards.

After the mill shuts down and there is no further effluent, the water table in the tailings basin begins to drop and tailings near the surface become dry and susceptible to wind erosion. Some tailings contain pyrite which may generate acid when oxidized. The acid can release heavy metals and thorium, which normally are precipitated from solution when the tailings are alkaline. Also, there can be some continued seepage of groundwater out of the tailings and surface water runoff resulting from precipitation and other natural surface flows. The major concerns are potential contamination of ground and surface water, redissolution of radium from treatment pond sludges, dam failures, radon emissions from tailings surfaces, and contamination of adjacent soil, vegetation and waters due to windblown radioactive dust particles from the tailings.

While active management schemes are used to maintain the emissions from inactive tailings within regulatory limits, the steps that may be needed for the safe total abandonment of uranium tailings have not yet been demonstrated. The requirement therefore is to devise such steps based on a better understanding of the mechanisms of chemical constituent transport and dispersion.

Recommendations of the Planning Group

As a result of its year-long series of investigations, field visits and discussions, the National Technical Planning Group on Uranium Tailings Research has made the following recommendations:

1. The federal government and the governments of Ontario and Saskatchewan should jointly establish a uranium tailings research and development program with a major review to be conducted at the end of three years to decide whether to continue, redirect or terminate the program.

2. A National Tailings Program Office (NTPO) should be established in Ottawa to manage the program under a program director responsible to a board of directors made up of representatives from the funding agencies, regulatory bodies and the uranium producers.

3. The tailings R & D program should consist of three subprograms:
   (a) Modelling Program
   (b) National Measurement Program
   (c) Disposal Technologies Program.

4. Program objectives to be accomplished by the end of the third year:
   (a) A preliminary set of models and associated codes completed
   (b) A modelling data base in place
   (c) The first assessment cycle in the modelling program completed
   (d) Three tailings basins fully instrumented, and at least two years of field data in the data base
   (e) A national uranium waste management data base in place
   (f) Major steps accomplished toward improvements in the accuracy and thoroughness of sample analyses
   (g) Uniform standards established for field measurements
   (h) A preliminary manual prepared for outlining points to be considered in close-out actions
   (i) Generic research on disposal technologies in place and fully interacting with modelling and measurement programs
   (j) Progress made toward incorporating site-specific disposal R & D into the national program where appropriate.

5. The national program should be funded in the amount of \$18.6 million total over the initial three-year period, such funds to be controlled and administered by the NTPO which would subcontract to performing organizations chosen on the basis of competence and probability of meeting program objectives.

Although the federal government is proceeding to establish a national tailings research program on the basis of the above recommendations, the provinces of Ontario and Saskatchewan have not, as of this date, confirmed their participation. Without this confirmation, program funding would be reduced to \$9.5 million from the recommended \$18.6 million. The decision also was made to extend the program to five years – two years beyond the period recommended by the Planning Group.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/150
September 22, 1982

OTTAWA – Energy Minister Jean Chrétien said today his immediate concern is not only to ensure that the Government's energy policy is well understood, but most importantly to ensure that it works smoothly.

"I do not believe that substantial changes will be necessary," Mr. Chrétien said, speaking to a luncheon meeting of the Canadian Independent Adjustors Conference.

"The policy of the Government provides an excellent framework for the achievement of energy security for Canada. Adjustments have already been made earlier this year to meet unforeseen circumstances. These changes have helped strengthen the program and its support for energy security, opportunity and fairness for all Canadians.

"Nevertheless I recognize that there are changing circumstances and changing realities. There may be specific instances or even specific projects where policies will require adaptations and I will be prepared to make them."

Mr. Chrétien said, "one of my major preoccupations will be administrative efficiency. If there are bureaucratic delays, we will work to eliminate them as much as possible. If there are rough edges in the application of specific policies or programs, we will smooth them out.

"We want to see the petroleum industry increase the level of its activity as quickly as possible. There are encouraging signs of an industry recovery in the next few months, and I want to do what I can to assist in that recovery."

Mr. Chrétien said Canada is well started on the road to energy security.

"We have guaranteed fairness in revenue sharing for industries, governments and consumers. By enshrining our energy framework in agreements with several of the producing provinces, we have also provided an important measure of stability and predictability for the petroleum industry and for consumers."

Along with a concerted effort to spur development of new oil and gas supplies – already moving ahead quickly in the Beaufort and East Coast offshore regions – Mr. Chrétien promised continued emphasis on measures in support of energy conservation, oil substitution and a variety of energy research and development initiatives.

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"Working together on a broad front, we will continue to make progress toward all our energy goals, even in the face of external circumstances that are less than positive," the Minister said.

Commenting on the prospects for a petroleum industry turnaround, Mr. Chrétien noted that the industry had been hit by slumping gas markets, declining world oil prices, and the world-wide recession, just as it passed the peak of a long up-cycle at the turn of the last decade.

"In addition, the petroleum industry faced the challenge of adjusting to a new tax and incentive system," he said. "But that adjustment has largely been made."

The Minister added: "I am optimistic for a strong, sustained recovery in the petroleum industry, one that will be based on Canadian demand and on foreign demand for what is deemed surplus to Canadian needs.

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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/151
September 23, 1982

EXPLORATION AGREEMENTS CONCLUDED WITH SHELL

HALIFAX – Energy Minister Jean Chrétien announced today exploration agreements involving work offshore Nova Scotia which will cost up to $551 million. The agreements have been concluded with an industry group headed by Shell Canada Resources Limited.

The seven exploration agreements, covering 1.9 million hectares on the Scotian Shelf, require Shell to drill nine exploration wells.

"I'm pleased to see the steady progress we are making in cooperation with the Nova Scotia government in establishing our resource management regime for the lands offshore Nova Scotia," Mr. Chrétien said.

"Agreements, now totalling more than $1 billion, show the industry's intense interest in the lands offshore Nova Scotia. The result is jobs and an economic stimulus for the province and for all of Canada".

Last June 4, it was announced that six agreements worth $263 million had been concluded with Shell for Scotian Slope lands, in deeper water. A $500 million program by Petro-Canada Exploration Inc., Bow Valley Industries Ltd. and Husky Oil Operations Ltd., was announced July 30 for the Scotian Shelf.

"Negotiations with other major companies are well in hand and more announcements can be expected soon," the Minister said.

The seven agreements announced today each have a term of three years. However, if a second drilling rig, in addition to the Sedco 709, spuds a well before October 31, 1983, the term for two agreements with two-well commitments will be extended by one year.

After the first year, 25 per cent of the land held by the agreements will be returned to the Crown, and a further 25 per cent will be returned after the second year.

The agreements also call for 5 250 kilometres of seismic work to be completed.

- more -

Canada

The program will employ 254 people directly for the first rig, increasing to 475 for a second rig. Initially, 67 per cent of the work force will be Nova Scotian, increasing to 95 per cent during the last year of the agreements.

Ownership varies among the blocks of land covered by the agreements. Shell Canada Resources is the operator in all cases. Other major owners are Shell Explorer Ltd., Petro-Canada Exploration Inc. and Sulpetro Ltd. Three other companies, Mobil Oil Canada Ltd., Texaco Canada Resources Ltd. and Texas Eastern Exploration of Canada Ltd. each have a share of two agreements.

"Petroleum Incentives Payments will fund a significant share of this activity. Generous government incentives for exploration have always been a feature of the Canadian system. However, what PIP does that the old tax incentive system did not, is attract smaller companies, which are not yet major producers, but which wish to be involved on Canada's energy frontiers. This is encouraging a new and significant level of participation by Canadian companies," Mr. Chrétien said.

The Canada-Nova Scotia Offshore Oil and Gas Board has approved the agreements, negotiated through the Canada Oil and Gas Lands Administration (COGLA).

Through COGLA, Shell must still obtain specific approvals for all phases of its work. Environmental protection and occupational health and safety concerns must be satisfied before those approvals will be granted.

A significant feature related to the agreements is the Canada Benefits plan submitted by the company, the Minister said.

Shell's Canada Benefits Plan has been reviewed by COGLA in conjunction with Nova Scotia's Industrial Benefits Office of the provincial Departments of Developm and Labour; the Office of Industrial and Regional Benefits of Industry, Trade and Commerce and Regional Economic Expansion, and the Canada Employment and Immigration Commission.

The plan incorporates purchasing policies and procedures similar to those developed and announced earlier in connection with the company's Scotian Slope Exploration Agreements.

The plan calls for a close working relationship between Shell, DREE/ITC, COGLA and the Nova Scotia Industrial Benefits Office to provide full and fair access to Nova Scotian and Canadian goods and services on a competitive basis. A special effort will be directed to developing Nova Scotia firms.

For drilling operations using the SEDCO 709 rig, Shell expects to spend about $131,000 a day in Canada in the form of labour, materials and services, of which approximately $75,000 a day will be spent in Nova Scotia. Expenditures in Canada will increase to about $248,000 a day when both rigs are in operation.

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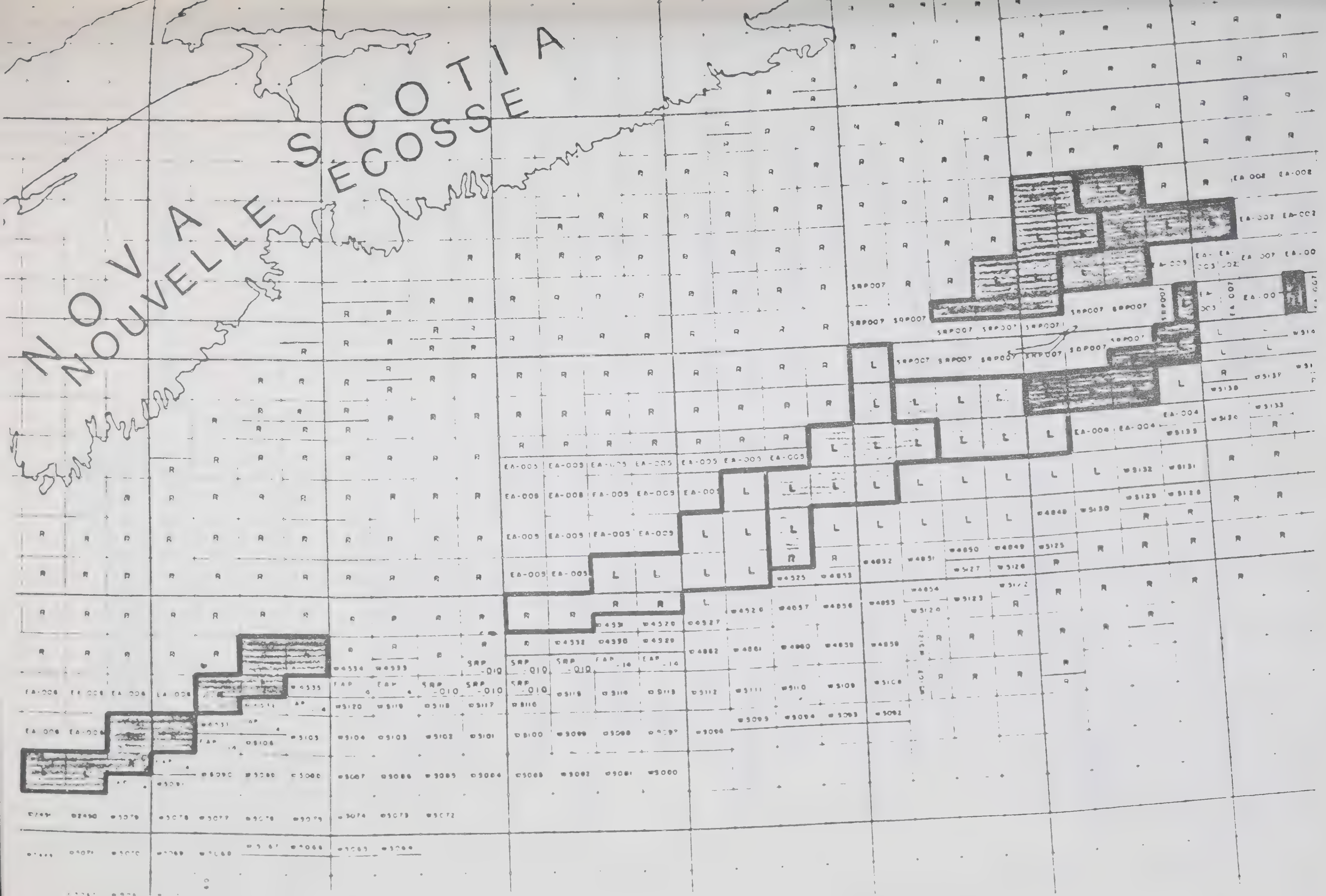
For further information contact:

Mr. Maurice Taschereau
Administrator, COGLA
Ottawa
(613) 993-3760


NOVA SCOTIA
NOUVELLE ECOSSE

Energy, Mines and Resources Canada — Énergie, Mines et Ressources Canada

COMMUNIQUE

82/152
September 24, 1982

PIP APPLICATIONS NOW ACCEPTED MONTHLY

OTTAWA — Energy Minister Jean Chrétien announced today that the Petroleum Incentives Administration is accepting applications on a monthly basis for the payment of Petroleum Incentives Program (PIP) incentives on eligible expenses incurred on Canada Lands.

The Minister stated, "Several Canadian companies have voiced concern that the high cost of exploring for oil and gas on the Canada Lands is seriously affecting their cash flow, and hence their ability to participate in frontier exploration. In direct response to this concern, we will provide for the payment of PIP incentives on a monthly basis. This new provision, along with the continued ability to offset PIP against Petroleum Gas Revenue Tax, should help alleviate these cash flow problems."

"These measures clearly demonstrate our ongoing commitment to those who are actively engaged in exploration for oil and gas," the Minister said.

PIP applications have been processed only on a quarterly or annual basis. Applicants, including partnerships and individuals, who choose to file monthly applications for eligible expenses incurred on Canada Lands may do so by using existing PIP forms.

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For additional information, please contact:

R.C. Creech
Director-General, Operations
Petroleum Incentives Administration
Energy, Mines and Resources Canada
Ottawa
(613) 996-2611

Canada

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From the Office of the Minister

82/155

STATEMENT BY HON. JEAN CHRETIEN

CONCERNING BANK/GOVERNMENT FINANCING ARRANGEMENT

FOR DOME PETROLEUM

The proposed refinancing package of Dome Petroleum will not only ensure that this important player in the oil and gas sector will continue to grow and prosper; the refinancing will also bring about an increase in Canadian ownership. Furthermore, through this joint Banks/Government of Canada participation, significant contributions will be made to energy supply and economic development objectives.

It should be noted that the company remains in majority private hands. The relationship between the Government and its private partners in Dome will now parallel other foreign mixed (public/private) corporations in oil and gas, such as British Petroleum and Veba. In this respect, even though sharing in the growth of the company in proportion to its equity interests, the Government will not play a major role in the day to day operations of the company.

By enhancing Dome's future prospects, the banks and the Government are also contributing to the achievement of oil self-sufficiency. To this end, the banks and the Government have agreed upon a certain level of capital investment through the 1980's and early 1990's, which provides for more than adequate exploration and development in the West and in the Beaufort. Moreover, the restoration of the company's financial health should permit project financing of certain specific major undertakings as required. In case capital expenditures fall below acceptable levels, the Government has an option to purchase all or any part of the Company's assets in the Canada Lands.

Another benefit of the arrangement is the maintenance of employment. Besides those jobs held directly by employees of the company (about 9,500 at the end of 1981), many thousands of others are involved in providing goods and services to Dome and its subsidaries. The great majority of this activity is centered in Western Canada. It is estimated in 1981 that Dome spent over $2.7 billion on goods and services from 24,000 suppliers in all provinces of Canada. It should also be noted that Dome Petroleum is a major participant in various joint ventures and gas plays across the country. Its participation is the key to the success of these exploration and development ventures.

Finally, the existing shareholders of Dome Petroleum will be able to participate in the proposed refinancing. Shareholders will be offered the right to purchase up to $500 million of debentures on terms similar to the debentures being purchased by the Government and the Banks.

I would like now to explain the structuring of the proposed package. It became clear very early on in the negotiations that further loans or loan guarantees would not be suitable in these circumstances. It would neither have the effect of reducing its heavy debt load or even of Canadianizing the company. Therefore, a debenture with interest paid in the form of shares, became the preferred option. The debenture is to be offered jointly by the Government ($500 million) and on a pro rata basis of their loans to Dome, by the chartered banks (also to a total of $500 million). The company can draw up to $1 billion worth of the debenture with an effective interest of prime plus 1% being paid in shares upon it. These shares will be obtained at the conversion price for the first two years and at 90% of the prevailing market price thereafter. In addition, the debenture is convertible into shares for the first 18 months at $2.50 a share, and escalates to $5.00 by the seventh year. The debenture also has redemption rights to allow for maximum flexibility of all parties through the life of the debenture. The participants also receive warrants at $2.50 a share at the rate of five shares per year per $1000 of debenture outstanding.

The Government will receive shares in three ways - annually in lieu of cash for interest on the debentures; annually upon the exercise of the warrants; and, at the end of the period, by converting the debenture itself into shares. It is the clear intention of the Government to convert the debenture before the expiry date. The public's share of the costs will be provided from the Canadian Ownership Account, since one of the major results of the arrangement will be an increase in Canadian public ownership. Payments from the account will commence once the Petrofina acquisition has been paid for. There will be no increase in the level of the Canadian Ownership Charge resulting from the Government's participation in this package.

In conclusion, I would like to reiterate that the proposed financial arrangement is based on sound commercial principles. I look forward to working as partners with the four chartered banks over the next several years in the administration of the joint public/private package. Moreover, I am pleased to be helping in the restoration of the long term viability of one of the most dynamic, aggressive oil and gas exploration companies in Canada.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/156
October 1, 1982

CANADA AND U.S. COOPERATE ON HEAVY OIL RECOVERY RESEARCH

The Honourable Judy Erola, Minister of State for Mines, today announced details of a two-year, $1.2-million cooperative research agreement between Canada and the United States on heavy oil and tar sands development. The agreement, signed in Edmonton on September 13, falls within the terms of reference of a Memorandum of Understanding for cooperation in research and development signed by both countries in 1979.

Participating in the cooperative program are the federal Department of Energy, Mines and Resources, the Saskatchewan Department of Energy and Mines, the Alberta Oil Sands Technology and Research Authority, and the United States Department of Energy.

Recovery of petroleum from tar sands and heavy oil deposits is difficult and expensive. The program announced today will evaluate recovery processes using steam injection into reservoirs enhanced by various additives. Initial experiments will be conducted in the United States on small-scale laboratory equipment; the most promising processes then will be tested in large-scale reservoir simulators at the Alberta Research Council in Edmonton.

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Canada

Program activities will be managed by a coordinating committee with membership from both countries, and costs will be shared equally.

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82/156 (a)

BACKGROUNDER

CANADA, U.S. COOPERATE ON HEAVY OIL RECOVERY RESEARCH

Canada and the United States, recognizing their mutual interest in the development of heavy oil and tar sands in both countries, in 1979 signed a Memorandum of Understanding for Cooperation in Research and Development. This memorandum established a framework for cooperation between the two nations in heavy oil and tar sands R&D. The United States has been represented by the Department of Energy and the Canadian participants have been the federal Department of Energy, Mines and Resources, the Saskatchewan Department of Energy and Mines, and the Alberta Oil Sands Technology and Research Authority (AOSTRA).

At the last meeting of the Joint Executive Committee between Canada and the United States held on September 13, 1982 in Edmonton, an agreement was signed outlining a new research program to be carried out.

The new program is a coordinated laboratory activity to evaluate heavy oil and tar sands recovery processes using the injection of steam enhanced by various additives. Screening experiments will be conducted in the United States on small-scale equipment with the most prospective processes being further tested in Canada in the Alberta Research Council's large-scale reservoir simulators. Research will be conducted in methods of permeability modification, approaches to viscosity reduction, surface chemistry and enhancement of drive energy.

Modifying the permeability leads to better sweep of the reservoir and attendant higher recovery of the in-place oil. Viscosity reduction enables the oil to flow more easily through the reservoir to a production well. Changing the surface chemistry between the reservoir rock, oil and water can lead to the release of oil locked within the pores of the reservoir. Increasing the drive energy forces the bitumen from the reservoir rock to a production well.

The costs of the two-year project will be split equally between Canada and the United States with each country allocating $600,000 to the joint program. The activities in both countries will be managed by a coordinating committee with membership from both countries.

A new agreement on exchange of technical information on heavy oil and tar sands R&D between Canada and the United States has also been signed. This, in addition to the normal exchange of information, will include mutual participation in respective host country seminars and symposia, and mutual attendance at in-house technical meetings of both participants.

Energy, Mines and Resources Canada — Énergie, Mines et Ressources Canada

COMMUNIQUE

82/156
October 1, 1982

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- 30 -

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Energy, Mines and Resources Canada | Énergie, Mines et Ressources Canada

COMMUNIQUE

82/157
October 7, 1982

OTTAWA HOSTS THREE-DAY SEMINAR ON TREATMENT OF COMPLEX MINERALS

About 100 mineral experts from Canada and Europe will gather in Ottawa next week to attend an international seminar on metals technology. Details of the meeting were announced today by the Honourable Judy Erola, Minister of State for Mines.

Purpose of the seminar is to promote the development of new technologies for recovering metals from ores, particularly from the complex metallic sulphides commonly found in Canada and other parts of the world.

The three-day seminar, which opens on October 12, is sponsored by the Department of Energy, Mines and Resources and the Department of Industry, Trade and Commerce in conjunction with the Commission of the European Communities (EC). It is the second in a series of joint Canada/EC seminars on nonferrous metals technology organized under the Framework Agreement for Economic and Commercial Cooperation signed in 1976. The first was held in Brussels in 1980.

Next week's meeting will bring together scientists and industrial experts from Canada, the European Community, Spain and Portugal, as well as observers from Australia, Finland, Norway, Sweden and the United States. Most delegates and observers are from the private sector.

Activities will include visits to the Ottawa laboratories of the Canada Centre for Mineral and Energy Technology (CANMET). Timing of the seminar will also enable participants to attend the 14th International Mineral Processing Congress being held the following week in Toronto.

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COMMUNIQUE

82/161
October 22, 1982

NEW NATURAL GAS EXPANSION PROJECTS FOR BRITISH COLUMBIA

OTTAWA – Energy Minister Jean Chrétien today announced that four natural gas utilities in British Columbia have been awarded up to $1.78 million to assist in the financing of the expansion of natural gas distribution systems.

The Minister said the financial assistance would be provided to the utilities from the Distribution System Expansion Program (DSEP), a major initiative of the government's energy policy aimed at eliminating Canada's dependence on imported oil.

This represents the second allocation of funds under this program. Earlier this year, British Columbia utilities were awarded funding totalling $4.6 million to complete 42 gas system expansion projects.

Funding announced today will provide federal assistance to 16 gas expansion projects across the province. Under the program, B.C. Hydro and Power Authority will receive up to $499,647 to fund one gas expansion project in Chilliwack, while Pacific Northern Gas will receive up to $268, 581 for six projects in its franchise area. Inland Natural Gas will receive $1,009,896 for six projects, including one which will extend gas service to the Salmon Arm Indian Reserve. ICG (British Columbia) Ltd. has been awarded up to $67,966 to assist in the construction of three expansion projects in the St. John area.

Under this program gas utilities may qualify for funding assistance if they meet certain program criteria. First, funds are available only for those projects which would be too expensive for a utility to construct and operate without financial assistance. Second, a project must reach customers who do not have access to natural gas service, and who use oil for heating. Third, all projects must be cost-effective in displacing oil. The assistance available for a qualifying project is the amount required to make it financially viable for the utility to undertake.

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Consumers should contact their local utilities to determine whether access to natural gas is feasible under DSEP.

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Energy, Mines and Resources Canada
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COMMUNIQUE

82/162
October 22, 1982

OVER $2.7 MILLION AWARDED FOR ONTARIO GAS EXPANSION PROJECTS

OTTAWA – Energy Minister Jean Chrétien today announced that additional funds up to a total of $2,784,321 have been awarded to five Ontario gas utilities to help finance the expansion of natural gas distribution systems.

The Minister said the financial assistance would be provided to the utilities from the Distribution System Expansion Program (DSEP), a major initiative of the government's energy policy aimed at eliminating Canada's dependence on imported oil.

The Consumers' Gas Company, previously awarded up to $6,817,558 to fund 60 projects, has received approval for an additional 21 projects involving $1,059,995 in federal funding.

Up to $1,205,554 has been awarded to Northern and Central Gas Corporation to fund 12 projects, in such communities as Sudbury, Cobalt, Kapuskasing and Orillia. These projects are in addition to the 26 projects with funding of up to $3 million approved in June, 1982.

Union Gas Limited has received approval for another two projects involving a federal contribution of up to $454,915, in the Hamilton and Hanover/Walkerton areas. These projects will incur total capital costs of $1.3 million. Sixty-five projects involving more than $5 million in federal assistance were previously approved this year under the DSEP program.

Natural Resource Gas will receive up to $57,357 for one project. The City of Kitchener will receive up to $6,500 for one project, which is in addition to a contribution of up to $278,026 for 20 previously approved projects.

These new DSEP projects will provide gas to more than 2,700 new residential, commercial, and industrial customers, and displace approximately 20 000 cubic metres of oil annually, the Minister said.

In order to qualify for funding under DSEP, natural gas expansion projects proposed by utilities must meet certain criteria. First, funds are available only for those projects which would be too expensive for a utility to construct and operate without financial assistance. Second, a project must reach customers who do not have access to natural gas service, and who use oil for heating. Third, all projects must be cost-effective in displacing oil. The assistance available for a qualifying project is the amount required to make it financially viable for the utility to undertake.

DSEP funding is provided partially from the Market Development Incentive Payments made to the Government of Canada by the Province of Alberta in accordance with the September 1, 1981, Canada/Alberta Energy Agreement, and partially from funds allocated under the Government of Canada's National Energy Program.

Consumers should contact their local utilities to determine whether access to natural gas is feasible under DSEP.

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COMMUNIQUE

82/163
October 22, 1982

NATURAL GAS EXPANSION PROJECTS IN QUEBEC

Energy Minister Jean Chrétien announced today that two Quebec natural gas utilities will receive up to $1,138,196 to help finance expansion of their natural gas distribution systems to new market areas.

The Minister noted that the financial assistance for the utilities comes from the Distribution System Expansion Program (DSEP), a major initiative of the government's energy policy aimed at eliminating Canada's dependance on imported oil.

Under the program, Gaz Métropolitain Inc. will receive up to $430,572 to finance two additional projects, while Gaz Provincial du Nord de Québec Ltée will receive up to $140,399 for two new projects. Gaz Métropolitain has already received grants of up to $6,745,706.

In order to qualify for funding under DSEP, natural gas expansion projects proposed by utilities must meet certain criteria. First, funds are available only for projects that would be too expensive for a utility to undertake without financial assistance. Second, a project must reach customers who do not have access to natural gas service, and who now use oil for heating. And finally, all projects must be cost-effective in displacing oil.

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Canada

Canada Oil and Gas Lands Administration
Administration du pétrole et du gaz des terres du Canada

News Release

82/164
October 25, 1982

OTTAWA — The Canada Oil and Gas Lands Administration announced today it has approved a six-well drilling program for Shell Canada Resources Limited offshore Nova Scotia.

Approval for the overall drilling program, under an exploration agreement announced June 4, includes approval for the company to use the dynamically-positioned, semi-submersible Sedco 709.

Built in Halifax in 1977, the rig will drill exploratory wells in water depths ranging from 100 to 1500 metres. It will operate offshore Nova Scotia for the next three years.

In addition to overall approval of a work program, offshore operators also require COGLA approval for each well to be drilled.

The first well planned by Shell, Shubenacadie H-100, will be drilled to a projected total depth of 4350 metres in 1467 metres of water. The well, to be drilled about 255 kilometres southeast of Halifax, is expected to spud in early November.

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Department of Indian Affairs and Northern Development
Ministère de l'Énergie, des Mines et des Ressources
Ministère des Affaires indiennes et du Nord canadien

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COMMUNIQUE

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82/165
October 26, 1982

NEW OFFICE FOR THE MANAGEMENT OF LOW-LEVEL RADIOACTIVE WASTE TO BE ESTABLISHED

OTTAWA – Energy Minister Jean Chrétien today announced a new federal initiative to deal with low-level radioactive waste in Canada.

The Minister said that the Cabinet has approved the establishment of a low-level radioactive waste management office to carry out federal responsibilities in this area.

Low-level radioactive waste is produced in research facilities, in hospitals, in industrial plants and in nuclear electricity generating stations. It excludes the high-level waste from irradiated nuclear fuel and the tailings resulting from uranium mining and milling.

The federal government, through Atomic Energy of Canada Limited (AECL), already has a separate research program for the disposal of irradiated fuel waste from nuclear power stations. The Honourable Judy Erola, Minister of State for Mines, has announced an expanded program on uranium mill tailings research managed by the Canada Centre for Mineral and Energy Technology Laboratories of the Department of Energy, Mines and Resources.

Through these two programs, and the new office, the federal government is actively addressing all aspects of the problems of management and disposal of radioactive wastes in Canada.

The new office will be a separately-funded program under the Atomic Energy of Canada Research Company, and will be located in Ottawa. AECL has considerable expertise, developed over the years, in handling radioactive wastes,

Canada

both low and high-level. It has provided a waste management service to users of its medical and industrial isotope products, and has managed storage facilities at both of its research establishments.

The mission of the new office is to ensure that means are made available for the permanent passive disposal of low-level radioactive waste in Canada. Presently, most wastes of this kind in Canada are in safe storage under supervision. Although this storage can be continued for many years, permanent disposal will eventually be required.

The primary responsibility for the management and disposal of wastes, including financial responsibility, will continue to rest with the user or producer of the wastes. However, at this time there are no facilities licenced for the permanent disposal of such wastes so that users are unable to fulfill their obligations through to the disposal stage. There are also some "historic" low-level radioactive wastes in Canada for which no user or producer can now be held responsible.

The first priority of the new office will be to find ways of resolving the historic waste problems. This will be paid for largely by additional federal funds, as the ultimate responsibility for wastes derived from the nuclear fuel cycle or from the explicit use of radioactive properties is accepted by the federal government.

The new office will ensure that a collection, treatment and safe disposal service is available on a commercial basis, and in this role it is expected to become financially self-supporting.

The Minister stressed that the new office does not have instant solutions to immediate problems but will evaluate all available options and determine the most promising techniques over the next few years. It will examine in-situ and landfill solutions for some of the already identified historic wastes, as well as the possible need for new disposal facilities.

The new office will assume responsibilities previously carried out through the Atomic Energy Control Board (AECB) on behalf of the Federal/Provincial Task Force on Radioactivity. The AECB took initiatives in 1975 to deal with historic situations requiring remedial work for which no other agency of government had direct responsibility.

In addition to its direct role in carrying out waste disposal research and management, the new office will seek to coordinate such disposal activities with provincial authorities and industry.

"The new office will need the support of provincial and municipal governments and the co-operation of industry in order to develop and implement economic methods for the safe management and disposal of all forms of low-level radioactive wastes," Mr. Chrétien said.

Mechanisms to provide for continued co-operation with the provinces will be proposed by the Department of Energy, Mines and Resources.

The new office will employ a staff of about nine. It has been allocated a budget of $2.4 million per year for the next four years.

In announcing the new initiative, Mr. Chrétien released the summary of a study carried out for EMR in 1981 by Hickling Partners Inc. on "Managing Low-Level Radioactive Wastes: Proposed responsibilities and management structure." The decision to establish the new office was based on the recommendations contained in this report.

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COMMUNIQUE

82/166
October 27, 1982

CANADIAN GOVERNMENT HELPS TO ENSURE PENETRATION OF NATURAL GAS IN QUÉBEC

MONTREAL – The Honourable Jean Chrétien, Minister of Energy, Mines and Resources, announced today the Government is implementing its commitment to provide up to $500 million to finance the construction of natural gas pipeline laterals in Québec.

The agreement, signed today by Mr. Chrétien and Mr. Gilles Barbeau, president of Gaz Inter-Cité Québec Inc. (GICQ), means new markets in various regions of Québec will open up for natural gas produced in western Canada.

This program strengthens the Government of Canada's efforts to reduce Québec's reliance on imported oil and thus increases security of energy supply for consumers. Reduced oil imports will lower the compensation paid to oil importers in Québec.

The agreement provides for the construction of laterals from Sabrevois to Sherbrooke, from Trois-Rivières to Grand-Mère and from Trois-Rivières to Bécancour in 1983. It also provides for the construction of a lateral from Grand-Mère to the Lac-Saint-Jean and Saguenay region in 1984, and laterals serving Québec-Est, Drummondville and Asbestos in 1985.

The Minister explained that by the end of 1982, the communities of Saint-Jérôme, Joliette, Louiseville and Trois-Rivières will be served by laterals. In the spring of 1983, the Québec-Ouest area will also be connected to the distribution system.

The two main lateral systems, in the Eastern Townships and in the Lac-Saint-Jean region, will result in the consumption of approximately 500 million cubic metres of natural gas per year in the Eastern Townships and more than 1 billion cubic metres of gas per year in the area not yet served in the St. Maurice River region and in the Saguenay-Lac-Saint-Jean region.

The first system, in the Eastern Townships, will result in payments of nearly $160 million and will serve a population of 235,000. The second system will cost about $250 million and will serve a population of 220,000.

"This major contribution by the federal government to the Québec economy will provide a twofold benefit," said Mr. Chrétien. "A large number of Québec consumers will for the first time have access to natural gas, an abundant Canadian source of energy. Furthermore, this will benefit the distributor and stimulate a wide range of industrial activities. In the current economic situation, GICQ would not have been able to undertake such a project on its own. Québec would thus have missed out on the economic spin-offs and jobs that will result from a project of this magnitude. The laterals are estimated to create 7000 person-years of employment."

The Minister also pointed out that the agreement is intended to be rigorously anti-inflationary. Thus, GICQ will have to pay any costs above and beyond those specified in its agreement with the Government.

GICQ has agreed to adhere to the federal government's 6 and 5 per cent anti-inflation guidelines for the next two years.

Mr. Chrétien said that because of the spiralling cost of oil and gas pipeline construction in Canada during the last few years, his predecessor, the Honourable Marc Lalonde announced last August the creation of a special task force to study the causes of this increase and to make recommendations to the Government.

"This large sum being injected into the Québec economy by the Government of Canada is in addition to funds paid out under a whole series of programs designed to promote greater use of natural gas in the province," said Mr. Chrétien. "Among these programs are the Canada Oil Substitution Program, the Distribution System Expansion Program and the Industrial Conversion Assistance Program. In addition to providing residents of Québec with an economically attractive alternative to oil, these programs will provide a definite boost to the economy of the province."

Mr. Chrétien also said that the agreement contains a special clause to permit the allocation of funds to cover the operating and maintenance costs of the laterals for a period of five years, as well as engineering costs incurred by GICQ provided the company is able to build the laterals within established cost limits.

Before an agreement could be reached, the Québec government had to agree to lift its tax on natural gas. The recent commitment by the Québec government to abolish this tax as of January 1, 1983 enabled the signing of this agreement. "This measure," Mr. Chrétien said, "fulfills a promise made two years ago by the Québec government."

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82/166 (a)

BACKGROUNDER

AGREEMENT BETWEEN THE GOVERNMENT OF CANADA

AND

GAZ INTER-CITÉ QUÉBEC INC.

CONCERNING THE CONSTRUCTION OF GAS PIPELINE LATERALS IN QUÉBEC

A. THE AGREEMENT-IN-PRINCIPLE

General

The agreement-in-principle signed today in Montréal by the Honourable Jean Chrétien, Minister of Energy, Mines and Resources, and Mr. Gilles Barbeau, president of Gaz Inter-Cité Québec Inc. (GICQ) will make possible the construction of a system to deliver natural gas to the major population centres in the province. The agreement provides a mechanism for supplying gas to a number of areas in Québec at predetermined costs and according to specified timetables. The agreement signed today will be followed by specific agreements covering each of the lateral construction projects.

A small amount will be drawn from the $500 million fund this year so that the carrier, Trans Québec & Maritimes Pipeline Inc. (TQ&M), can build laterals serving Joliette (population 17,000), Saint-Jérôme (25,000), Louiseville (3,700), the Trois-Rivières area (including Trois-Rivières, Trois-Rivières West and Cap-de-la-Madeleine – 96,000) and the Québec City area (Québec City, Beauport, Charlesbourg, Valcartier, Vanier, Sillery, Sainte-Foy, St-Émile, St-Augustin, Loretteville, Lac St-Charles and Cap-Rouge – over 450,000). The above-mentioned laterals will create jobs in construction for an equivalent of more than 150 person-years.

Projects covered by the agreement

The major portion of the fund will be used to cover GICQ's capital costs for construction of the following laterals:

1983:

a) Sherbrooke lateral, serving Farnham (population 6,500), Cowansville (12,000), Granby (38,000), Waterloo (4,600), Magog (14,000) and Sherbrooke (74,000). This construction will create employment for an equivalent of 1,600 person-years.

b) Shawinigan/Grand-Mère lateral, serving Shawinigan (23,000) and Grand-Mère (15,000), creating 300 person-years of employment.

c) Bécancour lateral, which will be connected to the Trois-Rivières West secondary line and serve Bécancour (10,000), will create 275 person-years.

1984: Lac-Saint-Jean lateral, which will connect the communities of La Tuque (12,000), Desbiens (1,500), Alma (26,000), Jonquière (60,000), Chicoutimi (60,000) and La Baie (21,000) to the system via the Shawinigan/Grand-Mère lateral. This lateral will create more than 3,300 person-years.

1985: a) Québec-Est lateral, helping to serve the same communities included in the Québec City area mentioned above. This will create 325 person-years.

b) Drummondville lateral, which will bring natural gas to Saint-Hyacinthe (38,000), Acton Vale (4,400), Saint-Germain (350) and Drummondville (27,000), creating jobs for 630 person-years.

c) Asbestos lateral, serving Windsor (5,000), Asbestos (8,000), and Bromptonville (3,000), creating nearly 280 person-years.

(See the attached maps of lateral system.)

The $500 million fund could also be used to cover the operating and maintenance costs of the laterals in the five years following the completion of each lateral. In addition, the $500 million fund could be used to cover the engineering costs for the Lac-Saint-Jean lateral, and the Québec-Est, Drummondville and Asbestos laterals.

The financing fund will be considered to no longer exist as of December 31, 1986, or as soon as it is completely spent, if the entire $500 million is spent before that date.

Under the terms of the agreement signed today, the laterals will serve almost exclusively markets approved by the National Energy Board in certificate GC-65, which was issued in April, 1980 and approved by the Governor in Council in May of that year.

Roles and responsibilities

The main roles and responsibilities of the two parties are as follows:

a) the distributor will submit for approval to the Government of Canada the construction plans of laterals it wishes to build; it will also submit the relevant information, such as the costs, target markets and construction schedules of each such lateral;

b) after giving its approval for projects submitted by GICQ, the Government of Canada will provide the distributor with the funds deemed necessary for their construction.

Other measures included in the agreement

To enhance the impact of these measures on the penetration of natural gas in the province, the Government of Canada has strongly urged the Québec government to fulfil the commitment it made two years ago to remove its provincial sales tax from natural gas. The Québec government decided recently to lift this tax as of January 1, 1983, making an agreement possible.

As mentioned above, the agreement-in-principle signed today will be followed by specific agreements setting forth the terms and conditions for the construction of each lateral. The projects that GICQ intends to carry out in 1983 must be submitted to the Government of Canada by December 1, 1982. A specific agreement will then be signed to cover the Sherbrooke, Shawinigan/Grand-Mère and the Bécancour laterals.

The specific agreements covering the 1984 and 1985 projects will apply to the Saguenay-Lac-Saint-Jean lateral (1984) and the Québec-Est, Asbestos, and Drummondville laterals (1985). GICQ must submit its 1984 projects to the Government of Canada by October 31, 1983, and its 1985 projects by October 31, 1984.

The signing of the agreement should provide a tremendous boost to the province's economy, since direct and indirect jobs will be created, both to manufacture the materials and for the construction work itself. The Government of Canada is confident that the competitiveness of Québec contractors, combined with their adherence to the 6 and 5 per cent anti-inflation program, will make it possible for them to win construction contracts for the laterals.

It should be noted that GICQ has given its support to the Government's wage restraint program and has committed itself to this objective.

B. HISTORY OF NATURAL GAS IN QUEBEC

Natural gas distributors

The first company to distribute natural gas in Québec was the Corporation de Gaz Naturel du Québec, founded in 1955 by Canadian financiers who bought the metropolitan natural gas system from Hydro-Québec. It was not until 1969 that the

Corporation de Gaz Naturel du Québec became Gaz Métropolitain inc. The Corporation de Gaz Naturel de Québec was subsequently joined by Gazifère inc., which was founded in 1957. The company that became Gaz Métropolitain inc. operated essentially in the greater Montréal area, while Gazifère inc. covered the Outaouais region. Today, Gaz Métropolitain serves 57 municipalities in the Montréal area, while Gazifère serves Hull, Aylmer and Gatineau. In 1964, Gaz Provincial du Nord de Québec Ltée was formed, obtaining the franchise for the Rouyn-Noranda area and Gendreau Township.

In January 1958, Montréal was connected to the TransCanada PipeLines system bringing natural gas from Alberta. (Alberta produces 85% of all the natural gas produced in Canada.) Today, Québec consumes only 6% of the natural gas sold in Canada, whereas Ontario consumes nearly 45%.

Gaz Inter-Cité Québec Inc. received its letters patent from the Québec government on January 29, 1979. On March 11, 1981, it obtained exclusive rights to distribute gas in a large portion of Québec that until then had been without gas service. Its head office is in Sainte-Foy.

Natural gas sales

Natural gas sales progressed rather slowly between 1958 and 1980, unlike the case in Ontario. Three factors combined to bring about this slow penetration of gas:

1. the lack of interest of Québec residents in this energy source;
2. the low price of oil before 1974;
3. the abundance of electricity produced in Québec.

Since 1977, a number projects have been considered for extending the natural gas distribution system in the province. Two competing companies, Nova and TransCanada PipeLines, formed a partnership to promote eastward extension of the delivery system. They formed Trans Québec & Maritimes Pipeline Inc., which made plans to build a gas trunk line from Montréal to the Maritimes. In April 1980, the National Energy Board accepted TQ&M's plans for construction of the Québec portion of this pipeline and this decision was approved by the Governor in Council in May 1980.

Incentives for gas sales

The Government of Canada has as its objective the reduction of oil consumption in each province to a maximum of 10 per cent of total energy consumption in the residential, commercial and industrial sectors by 1990. To achieve this goal, the Government of Canada has launched several programs, some of which deal with natural gas. These programs include:

1. establishment of a ratio between the price of gas and that of oil in new eastern Canadian markets that would be advantageous to gas consumers;
2. establishment of one wholesale price for natural gas sold east of Toronto;
3. introduction of the Canada Oil Substitution Program, under which a grant of up to $800 is paid to any consumer who replaces his oil heating system with a system using some other source of energy (such as natural gas);
4. introduction of the Distribution System Expansion Program.

By December 1981, the cost estimate had doubled for construction of the trunk line and all the laterals planned by Trans Québec & Maritimes. When it became doubtful that some parts of the project would go ahead, the Government of Canada recently reaffirmed its policy of promoting the penetration of natural gas in eastern Canada. The Government announced new programs to encourage the penetration of natural gas. These included:

1. the Québec Laterals Construction Program, providing for investment of $500 million for the construction of laterals in Québec;
2. the developmental gas pricing program, aimed at helping distributors to be more aggressive in penetrating their markets.

The Government of Canada has also adopted a number of measures that will indirectly ensure the successful penetration of natural gas. These include measures designed to encourage refiners in eastern Canada to use Canadian oil, which is lighter than imported oil. In addition, it is necessary to obtain a permit from the National Energy Board to import heavy fuel oil. The two measures will assist in reducing the volumes of heavy fuel oil available on the Canadian market, thus creating a market for natural gas which is a competitor of heavy fuel oil.

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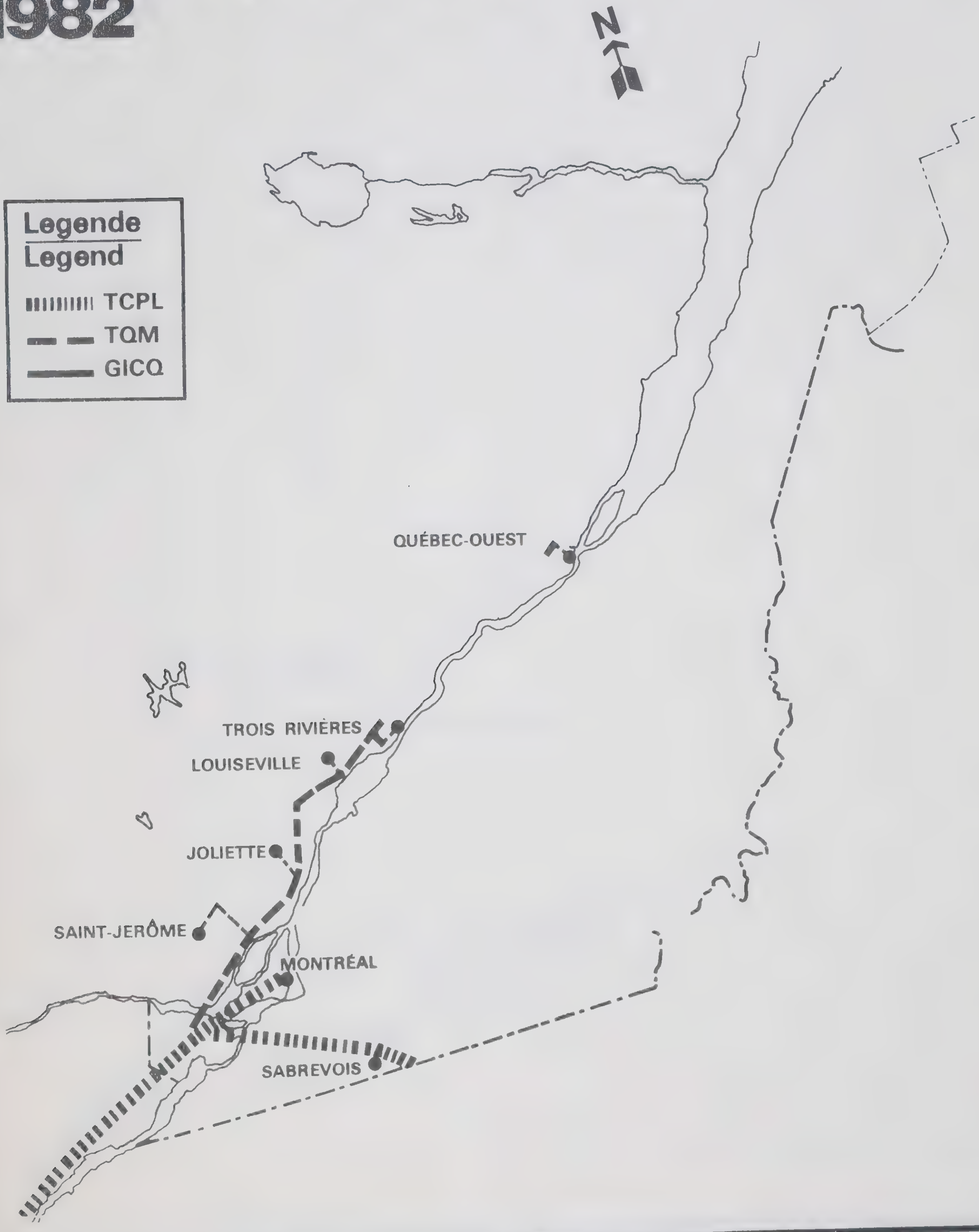
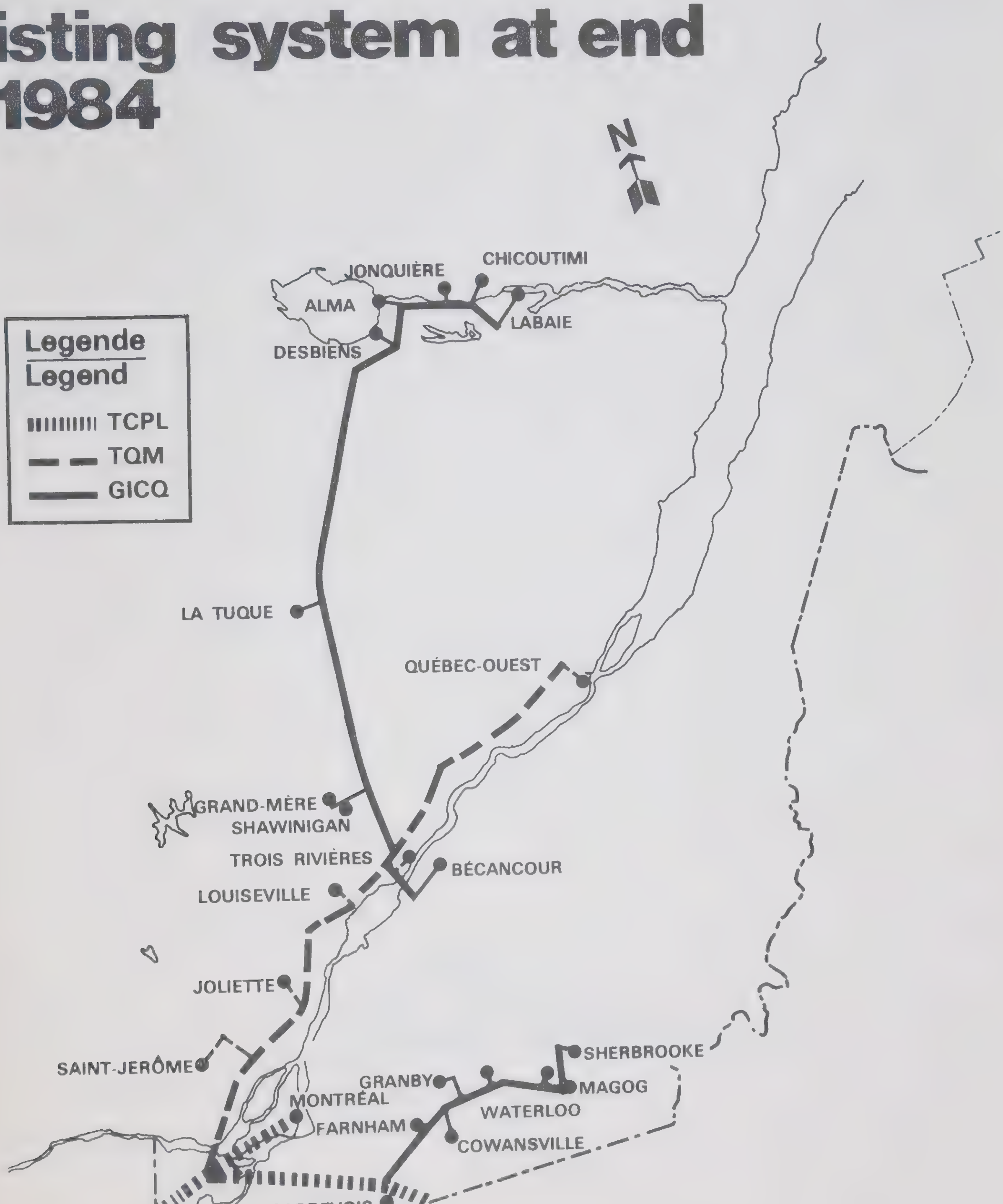


Système existant à la fin de 1983

Existing system at end of 1983

Système existant à la fin de 1984

Existing system at end of 1984



ystème existant à la n de 1985

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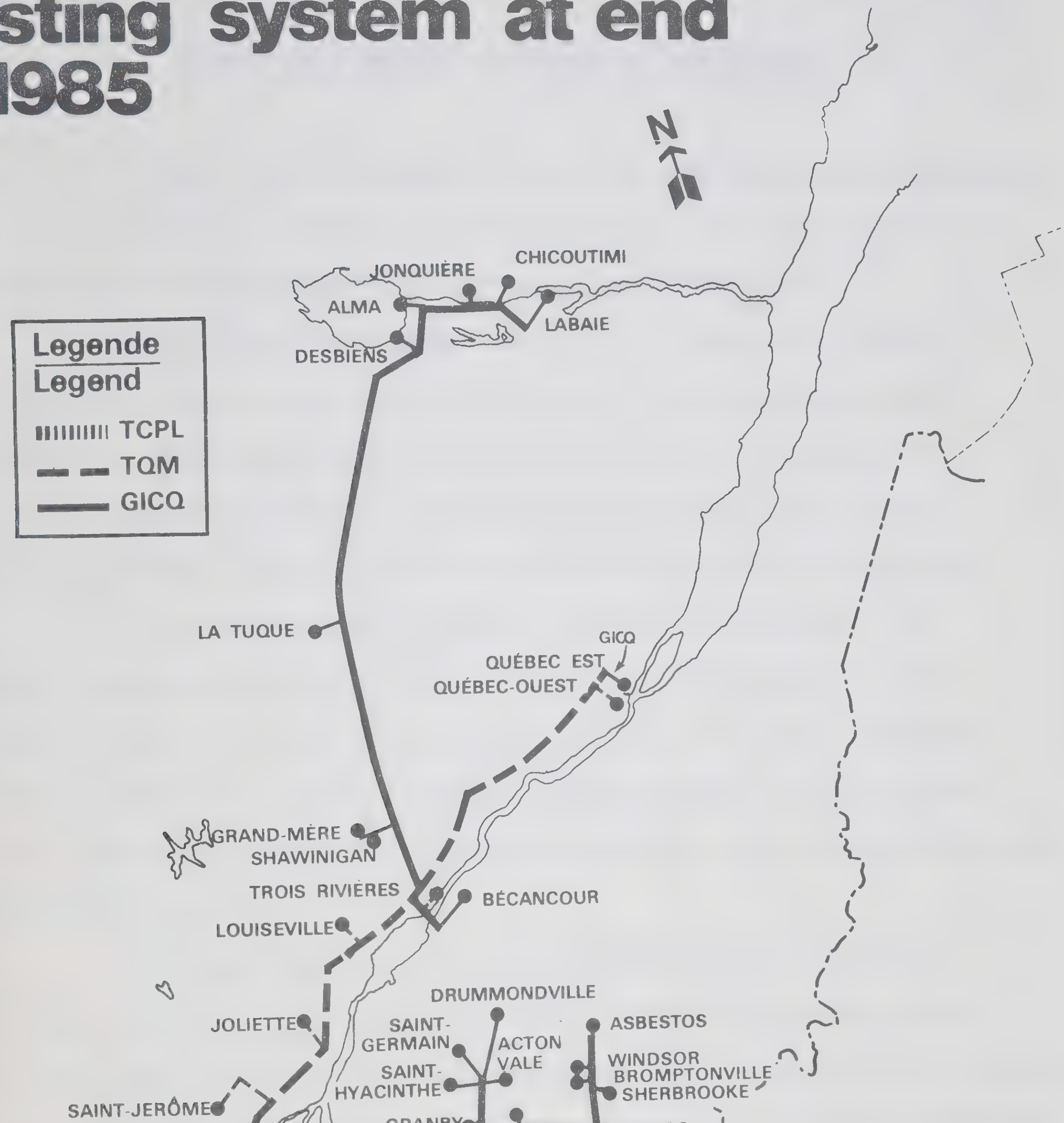

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

Embargoed until 10:30 a.m. EST

COMMUNIQUE

82/172
November 1, 1982

TASK FORCE REPORT ON MINING COMMUNITIES

OTTAWA – Provincial, territorial and federal ministers with responsibilities for mining have agreed to make public the conclusions and recommendations of the government-industry-labour Task Force on Mining Communities.

The Task Force was established by the mines ministers at a meeting in Ottawa on January 18, 1982, after they had agreed on the need for joint efforts to address the special problems of communities solely dependent on mining. The current weak demand for minerals in international markets has had severe effects on Canadian mining companies and the communities that depend on mining activity.

"The quick work of this co-operative, three-sector task force," said federal Mines Minister Judy Erola, "serves as an example of the approach that we must use if we are to preserve and create jobs in mining communities. By releasing key recommendations at this time, we can stimulate discussion of the policy options at the community level, so that all views can be taken into account in Cabinet deliberation of the issues raised."

In its recommendations the task force identified three areas requiring immediate attention. A more flexible application of the Unemployment Insurance Act, additional funding for job maintenance programs under Section 38 of the Unemployment Insurance Act, and the continued non-taxability of northern and isolated area allowances were seen as urgent steps to alleviating hardship in mining communities.

- more -

Canada

The first of six meetings of the Task Force members was held in Winnipeg on February 18. Subsequent meetings were held in Ottawa; in Wabush, Newfoundland; in Dorval, Quebec and in Toronto. In Wabush, delegations were received from the communities of Wabush and Labrador City, and in Ottawa the Task Force met with members of the Uranium City Task Force.

Among the organizations participating in the Task Force were: provincial and territorial governments, as well as the federal government; the Mining Association of Canada; Noranda Mines; Selco Inc.; the United Steelworkers of America, and the Canadian Labour Congress.

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For further information, please contact:

Peter Black
Special Assistant to Mines Minister Judy Erola
(613) 996-4382

or

Dr. Ian Haugh, Assistant Deputy Minister
Manitoba Department of Energy and Mines
(204) 633-9543

or

Dr. C.G. Miller, Assistant Deputy Minister
Energy, Mines and Resources Canada
(613) 992-2490

82/172 (a)

CO-CHAIRMEN'S PREFACE,
EXECUTIVE SUMMARY, AND
SUMMARY OF KEY CONCLUSIONS AND RECOMMENDATIONS
OF THE REPORT OF THE TASK FORCE ON MINING COMMUNITIES
ESTABLISHED BY THE FEDERAL, PROVINCIAL AND TERRITORIAL MINISTERS
WITH RESPONSIBILITIES FOR MINING

Copies of the Report will be available from the Secretariat of the Task Force: contact Charles Cloutier (613) 995-9466, ext. 269, or Jack Reeves (613) 995-9466 ext 266.

CO-CHAIRMEN'S PREFACE

On 18 January 1982, a one-day meeting of federal, provincial and territorial ministers having responsibilities for mines was held in Ottawa to discuss a newly completed federal review of mineral policy. Ministerial discussions turned on the current adverse economic situation, and the ministers agreed to establish a task force to examine the special problems of communities dependent solely on the mining industry.

Federal, provincial and territorial governments, industry, and organized labour are represented on the Task Force.

The special problems faced by mining communities and their residents are very real and have been particularly severe this year. However, the Task Force firmly believes that significant improvements can occur, both in the short and the long term, if actions such as those recommended here are taken by companies, individuals, communities and governments.

From the outset, the Task Force recognized that community problems must be dealt with in the context of the economics and the special characteristics of the industry that give rise to them. Two characteristics were recognized as having overriding importance for mining communities.

The first is that demand for mineral products has always been extremely cyclic. In recent years, however, the cycles have become more pronounced, culminating with the major recession in which we find ourselves today.

The great mineral recession of 1981-82 has tested, and is increasingly testing, the ability of companies to survive. It is bringing acute hardship to individuals, and it is leading to the virtual closure of some communities, possibly permanently. Existing government programs, implemented in co-operation with community groups and the private sector, have mitigated the impact to some extent. But the length and severity of the recession has severely stressed these programs and has revealed some gaps. The Task Force recommends for immediate attention some measures that it believes could further alleviate the effects of the current recession. Moreover, it recommends some new measures that, if adopted, could be useful in future cycles.

The second notable characteristic of the mining industry is that it is based on a depletable resource. Therefore, mining communities founded on a single ore body can eventually expect to close, unless new ore bodies are discovered or an alternative base of economic support is established. In addition, since the Canadian industrv is largely dependent on international mineral markets, shifts in these markets and in relative cost levels can mean that premature "economic" exhaustion of ore bodies occurs or that major operational adjustments will be required to maintain the industry's viability. All these "structural" or permanent changes can result in partial or complete loss of employment opportunities with corresponding effects on the community and its residents.

The Task Force recognized the inevitability of the exhaustion of ore bodies and the need for certain structural adjustments to maintain a viable industry. However, it was of the opinion that measures must be put in place which would avoid or cushion the potential negative impacts of such changes to a greater degree than at present.

The Task Force's recommendations do not rely exclusively on government involvement. There is indeed a need for governments to act in specific areas, to fill gaps in their programs and to exert leadership in inducing other changes. But the Task Force believes that permanent solutions will depend also on responsible and prudent preparation and management of change by companies, individuals and communities. The concept of "shared risk" which emerges strongly in this report implies that, while senior governments can create an appropriate environment, and must play an important part in providing individual protection, they cannot offer complete protection at all times. Most importantly, shared risk must be accompanied by shared preparedness.

The Task Force has done its work under severe pressures of time and circumstance. The degree to which it has been successful is due to the commitment and energy of those who have participated in it. As Co-chairmen, we wish to place on record our appreciation of the enthusiasm and co-operation with which our colleagues dealt with the difficult, complex and controversial issues that came before us.

Ian Haugh
Department of Energy and Mines
Province of Manitoba

Provincial Co-chairmen

C. George Miller
Department of Energy, Mines and Resources
Government of Canada

Federal Co-chairman

EXECUTIVE SUMMARY

The faltering world economy in 1981-82 has prompted a downturn in the fortunes of the mineral industry in Canada. While mining operations have always closed when ore reserves were exhausted, the current recession has led to temporary closure of many mines, and premature economic exhaustion of others. This report focuses on mining communities and the impact of mine closure upon them. It suggests possible steps that could be taken to alleviate distress both in recessionary periods and in permanent closures.

While many of the suggestions offered here are potentially very costly, shared risk is a basic tenet of this study. The Task Force firmly believes that the burden of responsibility for the mining industry in Canada must be shared by all involved – industry, labour, governments and mining communities themselves.

No solution proposed in this report will guarantee a mine worker's job in times of cyclical downturn or ore exhaustion, but they may ease the strain on the communities and citizens that service the mine operations.

Short Term

The Task Force dealt with the urgent problems of the 1982 recession by appointing a sub-group to investigate and suggest modifications to existing structures. An immediate requirement was identified for more flexible use of the Unemployment Insurance Act or some similar mechanism to permit laid-off mine workers to carry out mine site job preservation projects. Additional funding is also urgently required to implement such a program. In addition, the taxation of employee allowances in northern and isolated areas following the November 1981 Budget is considered a harsh measure to impose on an already difficult situation. These allowances should remain untaxed.

Long Term

The Task Force addressed many issues relating to the long-term viability of mining communities.

Problems have been specifically identified in:

1. The community development and planning process;
2. The level of diversification in mining communities;

3. The existence of many factors limiting the ability of a worker or community member to relocate;

4. Government programs having limited relevance to the mining community.

The conclusions of the Task Force point toward the need for the establishment of regional centres. Where possible, communities should be centrally located, serve a variety of resource projects, and have diversified economic bases.

A mechanism has to be developed to preserve the economic benefits an individual has accrued in a community. In the event of community distress, it is important that all members share the burden – company, individuals and government. To this end, various schemes need to be evaluated for the accumulation of funds against economic uncertainty. This report suggests sinking funds, reserve funds or commercial insurance.

The work-force in the community needs to have an assurance of some degree of mobility in the event of permanent closure. This could be accomplished by more flexible pension and benefit schemes, and by nation-wide skill certification.

Finally, government programs have to be enlarged in scope to include specific reference to mining communities and their problems.

SUMMARY OF KEY CONCLUSIONS AND RECOMMENDATIONS

For Immediate Attention

1. The Task Force concluded there is a need for more flexible use of the Unemployment Insurance Act for job preservation. It urgently recommends the introduction of a program, under the Unemployment Insurance Act or some other mechanism, to permit mine workers who would otherwise be laid off to carry out job preservation projects at the mine site, such as advanced waste removal or development work, and to conduct geoscientific/mineral exploration activities in the vicinity of a mine site.

2. The Task Force concluded that an additional source of funding is necessary to make Section 38 effective, and recommends that a program to provide such funds through the Unemployment Insurance Act or some other mechanism be developed and implemented as soon as possible.

3. The Task Force recommends, on the basis of representations submitted by communities, labour and industry, that employee allowances in northern and isolated areas not be taxed.

Short-term Measures

4. The Task Force concluded that there is inadequate knowledge of available government programs for communities facing adjustment, and recommends that an information system be established, which would rapidly communicate details of such programs to communities to encourage an early community response. For example, Ministers may wish to authorize the preparation, distribution and maintenance of a compendium of applicable programs.

5. The Task Force recommends that the Canada Employment and Immigration Commission (CEIC) should continue to strongly promote its programs, including the Manpower Consultative Service, and strengthen the involvement of provincial governments in this endeavour.

6. The Task Force concluded that there are advantages to furthering the training of workers who would otherwise be unemployed during a recession, and recommends that existing mechanisms, such as Section 39 of the Unemployment Insurance Act and the National Training Act, should be better utilized for training programs during economic downturns.

7. The Task Force concluded that there is a need for increasing exploration in the vicinity of mining operations threatened by ore exhaustion and recommends that:

   (a) Concerted federal-provincial co-operative geoscientific programs be implemented; and

   (b) Governments review the adequacy of existing tax and other incentives for on-property exploration at existing mining operations, for example, allow underground exploration to earn depletion credits.

Long-term Measures

8. The Task Force concluded that a planning approach which encourages the development of regional centres with a diversified economic base could help to avoid the difficulties faced by single-industry mining communities in times of either economic downturn or ore reserve exhaustion.

9. The Task Force supports the concepts of pension portability and early pension vesting, and recommends that options be developed to achieve these goals.

10. The Task Force supports the concept of portable seniority and leave provisions, and urges the early resolution of this issue.

11. The Task Force concluded that there is merit in having certain mining occupations (miners and mine tradesmen) certified as journeymen occupations, and recommends that provincial governments, the Canada Employment and Immigration Commission (CEIC), the industry and unions move to early implementation.

12. The Task Force concluded that industry, individuals and governments must share the risk and responsibility in the event of community distress. To that end, it recommends that there be further evaluation of certain schemes to accumulate funds to ease the transition of employees and community residents, i.e. reserve funds, sinking funds or commercial insurance schemes.

13. The Task Force concluded that examination of the potential for economic diversification should be an integral part of the community planning process. It therefore, recommends:

    (a) Diversification assessment be conducted as part of the planning process for all new mining communities,

    (b) Diversification assessments be conducted at the earliest opportunity for existing mining communities by the appropriate government departments, and

    (c) Diversification guidelines be created drawing on successful experiences.

14. The Task Force concluded that there is a need for the earliest possible identification of communities potentially in distress and that all affected parties should be involved in planning for closure, and urges corporations to communicate the outlook for their operations to affected communities on a frequent basis. Federal, provincial and territorial mines departments also have an obligation to monitor each situation and take appropriate action.

15. The Task Force recommends that an investigation be conducted into international practices with respect to single-industry communities.

NOTE: Task Force recommendations with respect to changes in the federal tax system fall within the sole jurisdiction of the Minister of Finance, and were not endorsed by the representative of the federal Department of Finance.

TASK FORCE MEMBERS AND PARTICIPANTS

Federal Government	- Dr. C.G. Miller (Federal Co-chairman) Dr. R.D. Hutchinson Mr. R.J. Shank Dr. K.J. Brewer Mr. O. Fisher Mr. J.E. Reeves (Secretary) Mr. André Lemieux Ms. Nancy Porter Mr. Charles Cloutier	- Dept. of Energy, Mines and Resources
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	- Mr. V.C. Allman Mr. K.W. Donnelly	- Employment and Immigration Commission
	- Ms. Wendy McBride	- Ministry of State for Social Development
	- Mr. Robert Archer Mr. Richard Stevens	- Dept. of Regional Economic Expansion
	- Mr. Scott Houston	- Dept. of Industry, Trade and Commmerce
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	- Mr. E.P. McCann	- Dept. of Labour and Manpower
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	(Provincial Co-chairman)	
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	Mr. John L. Bonus)	of Canada
	- Mr. Ed M. Arundell)	- Noranda Mines Ltd.
	Mr. Camille Marcoux)	
	Mr. Guy Lacroix)	
	- Mr. Denis Bridger	- Selco Inc.
Organized Labour	- Mr. Emile Vallée	- United Steelworkers of America
	- Mr. Murray Randall)	- Canadian Labour Congre
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	Mr. Edward Tunis)	Consulting, Ottawa
	Mr. Robert Tompkins)	
Uranium City Task Force	- Mayor Rose Wasylenka	
	- Mr. N.M. Ediger)	- Eldorado Nuclear Limi
	Mr. M.J. Moreau)	
	- Mr. J. Smart	- DREE Saskatchewan

Wabush-Labrador City Participants

Community Representatives	-	Mr. Dermott Flynn Mayor, Town of Wabush Ms. Denise Pichet Town Manager, Town of Wabush Mr. Arthur Langdon Administrative Assistant to Resident Manager, Wabush Mines Mr. Karl Hiscock Mayor, Town of Labrador City Mr. Alex Snow Deputy Mayor, Town of Labrador City Mr. Cecil Vincent Town Manager, Town of Labrador City Mr. Kevin Campbell Councillor, Town of Labrador City Mr. Ron Brown Councillor, Town of Labrador City
Company Representatives	-	Mr. J.B. Galligan Senior Vice-President, Human Relations, Iron Ore Co. Mr. L.A. Larson Vice-President Taxation, Iron Ore Co. Mr. W.A. Campbell Government Relations, Iron Ore Co. Mr. Colin Jardine General Manager, Carol Project, Iron Ore Co. Mr. Frank H. Carter Pickands Mather Co. - Wabush Mines Mr. Tim Eby Resident Manager, Scully Mine, Wabush Mines Mr. John McGrath Director Industrial Relations, Wabush Mines
Union Representatives	-	Mr. Roger Aubut Staff Representative, United Steelworkers of America Mr. Stan Jackowski Vice-President, United Steelworkers of America (Labrador City) Mr. Cal Luedee President, United Steelworkers of America (Wabush) Mr. Winston Bursey Vice-President, United Steelworkers of America (Wabush)

Energy, Mines and Resources Canada | Énergie, Mines et Ressources Canada

COMMUNIQUE

82/174

November 2, 1982

6

PROJECTS ANNOUNCED FOR THE SOLAR DOMESTIC WATER HEATING DEMONSTRATION PROGRAM

Jean Chrétien, Minister of Energy, Mines and Resources, today announced that the government of Canada will contribute $2.5 million to fund fourteen projects under the Solar Domestic Water Heating Demonstration Program.

This initiative, a component of Public Works Canada's Purchase and Use of Solar Heating (PUSH) Program, will demonstrate the improved performance and cost effectiveness of solar domestic water heating systems, provide the Canadian solar industry with an opportunity to market and install these systems and indicate their acceptance by Canadian consumers. Energy, Mines and Resources Canada will administer the program through agreements with private contractors.

In all, 1,125 systems will be installed throughout Canada, in private homes selected by the project managers. All installations are to be completed by March 31, 1983. Energy, Mines and Resources will fund 65 per cent of the installed system price, up to a maximum of $1,950 for a system capable of supplying 225 litres of hot water per day, and up to $2,275 for a 300 litre-per-day system. Consumers will pay the balance of purchase and installation costs and assume ownership of the equipment in return.

A federal interdepartmental committee evaluated 39 proposals on such factors as marketing strategies, performance figures, consumer price and previous experience. Of these proposals, 14 companies were selected to install the solar hot water systems throughout Canada. In certain locations, the main contractors have subcontracted out the installation of these systems.

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For further information, please contact Jack T. Cole at (613) 995-9447

Canada

BACKGROUNDER

PROJECT LOCATIONS FOR THE SOLAR DOMESTIC WATER HEATING DEMONSTRATION PROGRAM

Energy, Mines and Resources Canada will administer this program through agreements with private-sector managers. Project managers, and the locations where installations will be carried out, are listed below.

1. Amherst Renewable Energies Ltd.
   Box 387
   Perth, Ontario
   K7G 3G1
   (613) 267-6060
   Attn: Mr. Richard Davies

   a) Eastern Ontario (25 units):

      Callender & Assoc. Inc.
      27 Cockburn Street
      Perth, Ontario
      (613) 267-2651
      Attn: Mr. John Callender

   b) Saint John, New Brunswick (25 units):

      Alternate Heating Ltd.
      628 Rothesay Avenue
      Saint John, New Brunswick
      E2H 2G9 (506) 696-2321
      Attn: Dan Hamming

2. Ark Solar Products Ltd.
   2676 Quadra Street
   Victoria, British Columbia
   V8T 4E4
   (604) 386-7643
   Attn: Mr. Gil Parker

   a) Victoria area, B.C. (25 units):

      Ark Solar Products Ltd.
      2676 Quadra Street
      Victoria, British Columbia
      V8T 4E4
      (604) 386-7643
      Attn: Mr. Gil Parker

3. Burlington Solar Heating Products
   2289 Fairview Street, #428
   Burlington, Ontario
   L7R 2E3
   (416) 637-2668
   Attn: Mr. Alfred Rydholm

   a) Burlington/Hamilton area, Ontario (50 units):

      Burlington Solar Heating Prod.
      2289 Fairview Street, #428
      Burlington, Ontario
      L7R 2E3
      (416) 637-2668
      Attn: Mr. Alfred Rydholm

4. Dirk and Price Engineering Ltd.
3415-3rd Avenue
Calgary, Alberta
T2N 0M4
(403) 283-4323
Attn: Mr. Chuck Price

a) Calgary area, Alta. (50 units):

Dirk and Price Engineering Ltd.
3415-3rd Avenue
Calgary, Alberta
T2N 0M4
(403) 283-4323
Attn: Mr. Chuck Price

5. Petro Sun Inc.
2915 Pitfield Blvd.
Ville St. Laurent, Québec
H4S 1L6
(514) 337-2264
Attn: Mr. Michel Sicotte

a) Prince Edward Island (50 units):

Hume & McLean
13 Main Street, North
Montague, P.E.I.
C0A 1R0
(902) 838-2228
Attn: Mr. McLean

Resource Venture Inc.
P.O. Box 2008
Charlottetown, P.E.I.
C1A 3W2

Attn: Mr. Kirk Brown

b) Sherbrooke area, Québec (25 units):

Marcel & Hubert Dufresne Inc.
1150 est, rue Galt
Sherbrooke, Québec
J1G 1Y5
(819) 563-5310

c) Saint Sauveur des Monts, Québec (25 units):

Techni-Solaire Ltée.
C.P. 1127
St. Sauveur des Monts, Québec
J0R 1R0
(514) 227-5023
Attn: Mr. Emile Bendit

d) Montréal, Québec (75 units):

Sunarc
1420 Hymus Blvd.
Dorval, Québec
H9P 1J6
(514) 683-5278
Attn: Mr. Richard Polewczuk

5. Petro Sun Inc. (Cont'd.)

S. Albert & Son Ltd.
5763 St. Laurent Blvd.
Montréal, Québec
(514) 273-6361
Attn: Mr. Zilberstein

e) Toronto area, Ontario (50 units):

Renndale Solar
5129 Tomken Road
Mississauga, Ontario
L4W 1P1
(416) 625-5371
Attn: Mr. Bill Remy

f) Winnipeg area, Man. (50 units):

Master Plumbing & Heating Co. Ltd.
359 Pandora Avenue
Transcona, Manitoba
T2C 1M6
(204) 222-4279
Attn: Mr. Art McKenzie

6. Sayers & Assoc. Ltd.
2450 Stevenage Drive
Ottawa, Ontario
K1G 3W3
(613) 737-0640
Attn: Mr. Dennis O'Connor

a) Ottawa area, Ontario (50 units):

Sayers & Assoc. Ltd.
2450 Stevenage Drive
Ottawa, Ontario
K1G 3W3
(613) 737-0640
Attn: Mr. Dennis O'Connor

7. Solar Source Developments
600 Old Goulais Bay Road
Sault Ste. Marie, Ontario
P6A 5K8
(705) 254-6052
Attn: Mr. Frank Balogh

a) Sault Ste. Marie/North Bay area, Ontario (50 units):

Solar Source Developments
600 Old Goulais Bay Road
Sault Ste. Marie, Ontario
P6A 5K8
(705) 254-6052
Attn: Mr. Frank Balogh

8. Solar Systems Industries
#2 - 11771 Horseshoe Way
Richmond, British Columbia
V7A 4S5
(604) 271-2621
Attn: Mr. Gordon Smith

a) Vancouver, B.C. (50 units):

Solar Systems Industries
#2 - 11771 Horseshoe Way
Richmond, British Columbia
V7A 4S5
(604) 271-2621
Attn: Mr. Gordon Smith

8. Solar Systems Industries (Cont'd)

b) Comox, B.C. (25 units):

The Pump House
#5 - 241 Puntledge Road
Courtenay, British Columbia
(604) 338-8737
Attn: Mr. Doug Ante

c) Kamloops, B.C. (25 units):

Sunset Enterprises Ltd.
2571 Sunset Drive
Kamloops, British Columbia
(604) 372-2162
Attn: Mr. Dennis Travers

d) Edmonton, Alta. (50 units):

Encotech Energy Ltd.
5616 - 103 Street
Edmonton, Alberta
(403) 432-1086
Attn: Mr. Chris Bamford

e) Winnipeg, Man. (50 units):

Leda Agencies Ltd.
203 Barker Blvd.
Winnipeg, Manitoba
(204) 895-0475
Attn: Mr. Derrick Smith

9. Solartech Limited
39 Cranfield Road
Toronto, Ontario
M4B 3H6
(416) 752-4990
Attn: Mr. Bernie Ennis

a) Peterborough/Lindsay/Haliburton Ontario (25 units):

Outram Heating & Air Conditioning
P.O. Box 42
Hwy. 35 South
Lindsay, Ontario
(705) 324-5312
Attn: Mr. Jim Outram

b) Fredericton, N.B. (25 units):

E.W. Clowater & Sons Ltd.
288 Union Street
Fredericton, New Brunswick
E3A 1E5
(506) 472-9892

9. Solartech Limited (Cont'd)

c) Lunenburg, N.S. (25 units):

Powers Brothers Ltd.
Lunenburg, Nova Scotia
B0J 2C0
(902) 634-8892

10. Solcan Ltd.
R.R. #3
London, Ontario
(519) 473-0501
Attn: Mr. R.K. Swartman

a) South Western Ontario (75 units):

Solcan Ltd.
R.R.#3
London, Ontario
(519) 473-0501
Attn: Mr. R.K. Swartman

11. Sol Way Engineering Ltd.
30-942 Marine Drive, S.W.
Vancouver, British Columbia
V6P 5Z2
(604) 324-3327
Attn: Mr. J. Richardson

a) Vancouver area, B.C. (25 units):

Sol Way Engineering Ltd.
30-942 Marine Drive, S.W.
Vancouver, British Columbia
V6P 5Z2
(604) 324-3327
Attn: Mr. J. Richardson

12. Southern Exposure Housing & Design
Old Maryvale Road
Antigonish Co., Nova Scotia
B2G 2L1
(902) 863-1400
Attn: Mr. Gerry Connally

a) Antigonish, New Glasgow, Strait of Canso areas, N.S. (25 units):

Southern Exposure Housing & Design
Old Maryvale Road
Antigonish Co., Nova Scotia
B2G 2L1
(902) 863-1400
Attn: Mr. Gerry Connally

13. Sun Ray Solar Systems
2429 Seminole Street
Windsor, Ontario
N8Y 1X2
(519) 253-1182
Attn: Earl Pattison

a) Windsor/Sarnia areas, Ontario (75 units):

Sun Ray Solar Systems
2429 Seminole Street
Windsor, Ontario
N8Y 1X2
(519) 253-1182
Attn: Tom Rossman

b) St. John's, Corner Brook areas, Nfld. (25 units):

Sun Ray Solar Systems
2429 Seminole Street
Windsor, Ontario
N8Y 1X2
(519) 253-1182
Attn: Mr. Tom Rossman

13. Sun Ray Solar Systems (Cont'd)

c) Regina, Saskatoon areas, Sask. (25 units):

Sun Ray Solar Systems
2429 Seminole Street
Windsor, Ontario
(519) 253-11182
Attn: Mr. Tom Rossman

14. Sun Quest Conserver Products Ltd.
Site 84, Comp. 13
R.R. #1
Bedford, Nova Scotia
B4A 2W9
(902) 835-9112
Attn: Mr. Tom Krause

a) Halifax, Nova Scotia (50 units):

Sun Quest Conserver Products Ltd.
Site 84, Comp. 13
R.R. #1
Bedford, Nova Scotia
B4A 2W9
(902) 835-9112
Attn: Mr. Tom Krause

Energy, Mines and Resources Canada   Énergie, Mines et Ressources Canada

COMMUNIQUE

82/176
November 8, 1982

FIRE PROGRAM REVISED

Energy Minister Jean Chrétien today announced changes to the Forest Industry Renewable Energy Program (FIRE) that should significantly streamline the program and improve its effectiveness.

The FIRE program was initiated in 1979 and over 120 projects have been funded. Most of these projects have been with the forest industry. Mr. Chrétien said that the present initiative has been taken in order to help industry continue its investments in bioenergy projects.

Under this capital cost-sharing program, incentives are available to industrial, commercial and institutional establishments to convert or install energy facilities using wood residues, municipal, agricultural or industrial wastes, as well as peat and other forms of biomass fuel. Companies or institutions meeting program criteria may obtain grants covering up to 20 per cent of the capital cost of fuel-handling and fuel-burning equipment, and electrical generators (if part of a co-generation facility).

The most significant change in criteria will allow, in addition to the capital cost of the biomass energy systems, the inclusion in the eligible expenses of the cost of the buildings required to house these systems, up to 20 per cent of project costs. Other changes in the formula for the calculation of grants are being made, and will, in many cases raise the level of funding for individual projects.

The FIRE projects that are already under way will save the equivalent of six million barrels of oil per year.

\- 30 -

For further information, please contact:

Subhash Junéja
FIRE Program Secretariat
Renewable Energy Division
(613) 995-9447

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Énergie, Mines et Ressources Canada

COMMUNIQUE

82/177
November 10, 1982

CHRÉTIEN RELEASES NEB NATURAL GAS PRICING REPORT

OTTAWA – Energy Minister Jean Chrétien today thanked the National Energy Board (NEB) for its comprehensive report on the domestic pricing of natural gas. The NEB had been asked to inquire into gas pricing matters and public hearings were conducted in August 1981. The Board's findings and recommendations were released today.

"The NEB's pricing report contains many significant and productive recommendations on natural gas pricing and marketing," Mr. Chrétien said. "Since the NEB submitted its findings, my officials have been working on the development of these proposals and the majority have now been implemented."

Among these initiatives is the $500 million program to pay for the construction of the gas transmission branch lines in Québec. Mr. Chrétien announced October 27 that an agreement implementing this program had been reached between the Government and Gaz Inter-Cité Québec Inc. This program will mean new markets for natural gas produced in western Canada.

The NEB also recommended that special gas prices would be required to help distributors develop new markets. An assistance program implementing this recommendation will be announced later this month. It will help gas distributors who are taking delivery of gas from the extension of the national transmission system now under construction in Québec. The main line of that project will be completed to Québec City next year.

The Government also announced in May 1982 a number of initiatives directed at reducing the use of heavy fuel oil. These programs included the establishment of the Industrial Conversion Assistance Program (ICAP), under which grants are provided to industrial users of heavy fuel oil (HFO) for up to one-half the cost of converting their boilers to gas; import restrictions on HFO in areas where gas is

- more -

available; the encouragement of exports of HFO; and the establishment of voluntary targets for reduced HFO production by Canadian refineries. In its report, the NEB had concluded that supplies of HFO must be reduced to enable natural gas to penetrate the industrial markets.

The NEB report also addressed the system of setting domestic gas prices. One recommendation was that TransCanada PipeLines Ltd. (TCPL) and Trans Quebec & Maritimes Pipeline (TQM) be considered as one integrated pipeline for the purpose of determining city-gate prices. Prices have been set on that basis since last February.

Other suggestions concerned the five domestic pricing zones and the manner in which the cost of bringing gas to Québec and the Maritimes is treated in determining the prices in these zones.

With respect to these items Mr. Chrétien said, "The measures announced in May have had a significant effect on the size and nature of the TQM project. As a result, the Government will not endorse modification of the existing five-zone pricing system".

Mr. Chrétien added that the Government's objective is to encourage the use of gas instead of oil. This objective will be achieved by the prevailing policy of pricing gas in eastern markets at the same level as in Toronto. The integration of the costs of TQM with those of TCPL for the calculation of tolls is another essential part of this pricing policy.

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For further information, please contact: Norine Smith
Chief, Transportation and Pricing
Natural Gas Branch
Energy, Mines and Resources Canada
(613) 995-2500

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

82/177
November 10, 1982

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- 30 -

For further information, please contact: Norine Smith
Chief, Transportation and Pricing
Natural Gas Branch
Energy, Mines and Resources Canada
(613) 995-2500

Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

COMMUNIQUE

82/178
November 9, 1982

CHANGES TO THE CANADIAN HOME INSULATION PROGRAM

Energy Minister Jean Chrétien today announced changes in the grant formula and criteria of the Canadian Home Insulation Program (CHIP).

The changes are intended to achieve more effective conservation activity and contribute toward the energy budget savings announced October 27 by Finance Minister Marc Lalonde, Mr. Chrétien said.

The changes in CHIP, effective November 15, 1982, are:

1. For insulation and other conservation measures, the CHIP contribution will be changed to 60 per cent of materials and labour costs. Previously CHIP provided 100 per cent of materials costs and 33 1/3 per cent of labour costs.

   There is no change in the maximum taxable grant of $500 for individual homes or the maximums for other eligible residential units. (See attached table.)

2. Minimum insulation levels of RSi 2.1 (R12) for basements and RSi 6 (R34) for attics will be introduced. There were no existing minimum insulation requirements previously.

Mr. Chrétien said the CHIP grant structure has inflated materials costs and encouraged marketing of attic and weatherstripping "specials" priced at or near the amount of the CHIP grant. With little or no personal investment in the work, the consumer didn't always ensure best value for money. A more balanced investment in conservation between homeowner and government, together with the new formula for materials and labour costs, will encourage homeowners to compare the energy savings of attic insulation with those of weatherstripping and caulking or insulating other areas.

"These changes ensure better energy investments by householders and more effective use of government funds," Mr. Chrétien said. "I am confident that they will ensure higher quality in residential conservation activity, while helping to sustain employment in related manufacturing and service industries."

Canada

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CHIP CONTRIBUTIONS PER RESIDENTIAL UNIT

	Previous contribution			New formu
	Material costs	Labour costs	Total	Materials and l costs
Single detached, semi-detached, row housing	$350	$150	$500	$500
Units in residential buildings of six units or less	$200	$ 85	$285	$285
Units in residential buildings of more than six units	$150	$ 65	$215	$215
Bedroom in non-profit hostel	$ 70	$ 30	$100	$100

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For further information contact: Rick McKenzie
CHIP Administrator
(613) 995-1118

CANADIAN HOME INSULATION PROGRAM (CHIP) – BACKGROUNDER

HISTORY:

The Canadian Home Insulation Program was initiated in 1977. Its objectives are to encourage Canadians to insulate their homes and by so doing to save money and reduce Canadian energy demand. Specifically, the program was to reduce space heating requirements of existing dwellings by 30 per cent in 70 per cent of the pre 1977 housing stock.

The program has been expanded since 1977 to broaden the list of eligible expenditures, to raise the amount of the grant and to increase the number of eligible homes. At present, homes built prior to January 1, 1971, in Quebec, Ontario, New Brunswick, Manitoba, Saskatchewan, Alberta and British Columbia; prior to September 1, 1977 in Newfoundland, the Yukon and the Northwest Territories; and prior to January 1, 1977* in Nova Scotia and Prince Edward Island qualify for contributions to material and installation expenses for weatherstripping, caulking and insulating.

UPTAKE

From inception of the program to September 30, 1982, the Federal Government has provided 1,719,173 grants totalling $631,367,099 with the following distribution:

CHIP AND HIP

PROVINCE	NUMBER OF CHEQUES ISSUED	TOTAL $ ISSUED	PERCENTAGE ELIGIBLE UNITS
Newfoundland	70,206	$ 24,369,307	52
New Brunswick	43,544	$ 18,367,445	28
Nova Scotia*	198,758	$ 67,061,060	90
P.E.I.	28,456	$ 9,712,744	90
Quebec	306,347	$119,166,658	20
Ontario	713,511	$261,106,629	33
Manitoba	68,201	$ 24,515,514	24
Saskatchewan	69,839	$ 25,365,349	27
Alberta	104,088	$ 38,092,314	23
B.C.	114,228	$ 42,815,641	18
N.W.T.	667	$ 283,379	13
Yukon	1,328	$ 511,059	
CANADA	1,719,173	$631,367,099	29

* Prior to January 1, 1982, conservation monies were provided by the Home Insulation Program (HIP). As of January 1, 1982, CHIP was extended to N.S. and P.E.I. for those individuals who were eligible but had not participated in HIP.

Energy, Mines and Resources Canada
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COMMUNIQUE

82/179
November 12, 1982

ENERGY-EFFICIENT HOUSING DEMONSTRATION NOW IN QUEBEC

Yves Demers, MP for Duvernay, on behalf of Energy Minister Jean Chrétien, today announced the opening of the first R-2000 super energy-efficient home constructed in Quebec. Located in Auteuil, Ville de Laval and constructed by Construction Rene Voyer Inc., it is one of four homes to be built in Quebec this year during the pilot phase of the Super Energy-Efficient Home Program. The Program in Quebec is being administered by Energy, Mines and Resources Canada in cooperation with the Provincial Home Builder's Association of Quebec, Inc., an affiliate of The Housing and Urban Development Association of Canada.

"The R-2000 Homes incorporate energy features that are likely to remain in effect into the 21st century," Mr. Demers said. "These homes are designed to provide as much as a 50 to 80 per cent reduction in space heating demand, compared to a conventionally constructed home, and up to a 50 per cent reduction in demand for hot water, appliances and lighting."

This substantial reduction in energy consumption is possible because of the incorporation of such energy-saving features as high levels of insulation, air tight vapour barriers, air-to-air heat exchangers, and energy-efficient appliances and water heating systems. In addition, the R-2000 Homes are designed to make use of advanced window systems that are capable of taking full advantage of passive solar gains.

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The Super Energy-Efficient Home Program has a federal budget of $6 million. These funds will be used for training builders in the techniques of construction and marketing super energy-efficient homes and will provide for a contribution of $6,500 to each builder selected to construct an R-2000 Home. This contribution will help to offset the costs associated with participating in the demonstration program. Under the pilot phase, 3[illegible] R-2000 homes will be constructed across Canada by the end of this year and approximately 300 R-2000 homes will be constructed by the end of 1983.

It is estimated that 19 per cent of all energy consumed in Canada is used for residential purposes. The Super Energy-Efficient Home Program, through the construction of R-2000 Homes, is designed to ensure that construction standards are established that will ensure a substantial reduction in energy consumption in new residences.

"I am very pleased with the response of the Canadian public to the first R-2000 home which opened in Lethbridge, Alberta on October 15, 1982, and I am confident that the Super Energy-Efficient Home Program will establish a standard for residential housing that will be in place for decades to come," Mr. Demers concluded.

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For further information, please contact:

Mr. Ray Saunders
New Housing Co-ordinator
Energy, Mines and Resources Canada
(613) 995-1118

Energy, Mines and Resources Canada	Énergie, Mines et Ressources Canada

COMMUNIQUE

82/182
November 22, 1982

CONSUMERS, PRODUCERS TO BENEFIT FROM PRICING, TAX MEASURES

Energy Minister Jean Chrétien announced today that gasoline and home heating oil prices in 1983 are expected to increase by an average of only two cents per litre compared with previous projections of six cents per litre because of sharply reduced requirements for imported oil.

Although producers will have the benefit of a $4 per barrel increase in the wellhead oil price January 1, 1983, as part of the Canada-Alberta oil pricing agreement, consumers will face only moderate price increases under the framework of federal government pricing policies.

Lower import requirements will translate into reductions in the federally-administered Petroleum Compensation Charge (PCC), which is levied to cover import costs, Mr. Chrétien said.

"We expect that the combination of wellhead price increases next January 1 and July 1, and the PCC reduction will, in total, cause oil product prices to increase by only about two cents per litre over current levels," the Minister said.

In 1983, as a result of these changes, gasoline prices should increase from a national average of about 45 cents per litre to 47 cents per litre. Home heating oil would increase from 32 cents per litre to 34 cents per litre. Without the PCC reduction, the increases would have averaged about nine per cent rather than five per cent.

Mr. Chrétien said, "These lower increases are within the federal six and five per cent guidelines, which is good news for both consumers and the economy in general."

The Minister said the federal measures should reduce the price of gasoline and home heating oil temporarily by up to an average of 1.6 cents per litre between January and March. The PCC reduction will take effect January 1, but the scheduled wellhead increase of $4 a barrel will not be passed on to consumers until early March.

Canada

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However, the Minister cautioned that the impact of these measures will be felt at the consumer level only if provincial governments and refiners co-operate to pass them along to consumers.

"Consumers will place the responsibility where it properly lies if provincial governments seek to take advantage of relatively stable wholesale gasoline prices to increase their take from this revenue source."

"Since assuming the energy portfolio less than two months ago, I have met with the petroleum industry in western Canada and with provincial representatives to work co-operatively to ensure that the petroleum industry is a leader in our national economic recovery. As a result, I am announcing measures to assist the petroleum industry to increase exploration, development and production activity," Mr. Chrétien said.

The Special Old Oil Price, announced in the National Energy Program Update last May, will be extended to certain categories of Saskatchewan oil on which the provincial government recently reduced its royalties. The Minister said this measure provides producers with an additional $22 million in revenue between July 1, 1982, and June 30, 1983. This will act as an additional incentive to producers to develop the province's important heavy oil resources.

The system of granting earned depletion to enhanced oil recovery projects will be simplified. All enhanced oil recovery projects currently in receipt of provincial royalty relief will automatically qualify for earned depletion. Under the previous system, only those projects costing less than $100 million automatically qualified. All others had to be individually certified by the federal government.

The Minister also said that moving forward the PCC reduction from March 2 to January 1 should prevent a shut-in oil problem from developing in western Canada.

Normally this reduction would be made March 2, the date the January 1 wellhead increase is actually passed on to consumers. However, refiners would be encouraged to build up stocks of the lower-priced crude oil before January 1, and draw on these stocks until March 2, when oil product prices would increase. By moving the PCC reduction forward, refiners will be discouraged from building stocks prior to January 1, and will have a greater incentive to purchase domestic crude oil between January 1 and March 2, thus helping to avert a shut-in oil problem.

Mr. Chrétien noted that the petroleum industry is earning increased sh flow as a result of recent and prospective wellhead oil price increases, tax d royalty changes by the federal and provincial governments and high utilization western Canada's crude oil production capacity.

"Some of this higher cash-flow will be used to retire debt. But I am th determined and confident that we shall see an increase in the industry's level activity over the coming months," Mr. Chrétien said.

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r further information, contact: Carole Pressault
Executive Assistant to the Minister
Energy, Mines and Resources Canada
(613) 993-5252

BACKGROUNDER
PRICING AND TAX MEASURES

The past few months have produced strong indications that the oil and gas dustry can be a leader in the nation's economic recovery.

The petroleum industry's cash flow outlook has improved rapidly, as a sult of recent and prospective oil price increases, tax and royalty changes made by e provincial and federal governments, and a high level of utilization of crude oil oductive capacity. In addition, recent changes in the National Energy Board's rmula for determination of gas surplus to Canadian needs, should lead to new port sales, and thereby greater returns to producers.

Some of this higher cash-flow will be used to retire debt, but an increase the industry's level of activity over the coming months is also expected. Economic nditions for the discovery of new oil reserves have never been better. There are portant known heavy oil resources awaiting development. And the tempo of ontier activity is high. This is in evidence off the coast of Nova Scotia, in the ntinued activity in the Beaufort, and in the Arctic Islands, as indicated by the cent announcement of a major exploration agreement with Panarctic. In Nova otia's coastal waters alone, more than $1.6 billion in exploration agreements have en signed since June.

In the near term, producers can expect a four dollar per barrel increase in e price of old oil, effective January 1, 1983. There is encouragement for nsumers as well. World oil prices are not expected to increase next year and anada's oil imports are falling. This should permit a reduction in 1983 in the troleum Compensation Charge (PCC), which is used in part to finance our import quirements. Since the Petroleum Compensation Charge is levied at the refinery vel and passed on to consumers, all consumers of oil products will benefit by its duction.

et Price Projections

The combination of wellhead price increases next January 1 and July 1, d the PCC reduction, will, in total, cause oil product prices to increase about two nts per litre over current levels.

Working from a current base of 45 cents per litre for gasoline and 32 cents per litre for heating oil, on a national basis, the two cents per litre increase works out to an average increase of about five per cent for these two important products.

However, a large part of the gasoline pump price reflects provincial government taxes over which the federal government has no control.

Much of the recent success in achieving a very high level of utilization of domestic oil production capacity is largely attributable to steps taken by the federal government to enlarge domestic markets for our light crude oil, including the shipping of significant quantities to the Maritime provinces. In addition, the export marketing of heavy crude oil that is surplus to domestic needs has been encouraged.

Maintaining the highest possible domestic crude oil output will not be easy as product demand continues to fall in markets traditionally served by western Canadian crude oil.

Timing of PCC Reduction

Historically, changes in the PCC were made at the same time as wellhead price increases were passed on to consumers – sixty days following the wellhead price increase. As already indicated, a significant reduction in the PCC is expected for next year. Under current arrangements, refiners would see a significant increase in crude oil costs January 1, while product prices were held constant until March 1. This would create a strong impetus for refiners to build inventory prior to January 1, and to cease purchases and draw down inventory during the period of January 1 to March 2. This could, therefore, create severe shut-in problems in western Canada in the first quarter of 1983.

Partly as a result of recommendations made by the western Canadian industry, the reduction in the PCC will be brought forward to January 1. This reduction at the refinery level will offset about two-thirds of the crude price increase, thereby reducing the incentive to first build, and then draw down, oil inventories. It is hoped that this decision, which has already been communicated to the refining industry, will help to stabilize demand for Canadian crude oil over the next several months.

In addition, there is a change in the system for granting earned depletion to enhanced oil-recovery projects, which will simplify the provision of this income tax benefit. All enhanced oil-recovery projects, which are in receipt of provincial

royalty relief, will now automatically qualify for earned depletion. Under the previous system only new projects costing less than $100 million dollars automatically qualified, and larger projects had to be individually certified by the federal government. This change will reduce the administrative burden on industry and encourage the expansion of on-going projects.

Special Old Oil Price

The Special Old Oil Price, introduced in the NEP Update of May 31, will be extended to certain categories of oil in Saskatchewan on which the provincial government has recently reduced its royalties.

This change recognizes the importance of providing incentives to explore for and produce Saskatchewan's oil, which is characteristically heavy and of low productivity. The measure announced today should result in an additional $22 million to Saskatchewan producers between July 1, 1982 and June 30, 1983.

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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

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82/190
December 16, 1982

CHRÉTIEN ANNOUNCES APPOINTMENT OF ONE-MAN TASK FORCE ON PIPELINE CONSTRUCTION COSTS

OTTAWA – Energy Minister Jean Chrétien today announced the appointment of Vernon L. Horte to investigate increasing construction costs of federally-regulated pipelines in Canada, and recommend practical solutions.

Mr. Horte comes to the Task Force with many years of experience in the Canadian pipeline industry. He earned a Bachelor of Science degree in Chemical Engineering from the University of Alberta in 1949. After working as a petroleum engineer in Texas for five years, he joined TransCanada PipeLines Ltd. (TCPL) in 1957 as Chief Gas Supply Engineer.

He remained with the company for many years and served as president of TransCanada from 1968 to 1972. During his tenure with TCPL, the company undertook extensive pipeline construction across the country and filed its first rate application to the National Energy Board.

In 1972, Mr. Horte became President of Canadian Arctic Gas Study Ltd., the consortium of gas transmission companies which competed before the NEB for the certificate to build the Mackenzie Valley gas pipeline. He is currently President of his own consulting firm, V.L. Horte Associates Limited, and is a consultant to ProGas Limited, a Canadian natural gas exporter. He is also Chairman of ProGas and a Director of a number of other Canadian companies.

As a one-man task force, Mr. Horte's mandate is to find ways of reducing the rate of escalation in the cost of building pipelines. He will retain outside expertise as required to assist him in this task. He will seek out and draw on the views of all parties involved in the construction and regulation of pipelines. The ideas, suggestions and comments of the industry will play a major role in the development of practical recommendations and solutions to the problem of increasing construction costs.

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"Mr. Horte will report to me next June with a comprehensive plan of action for reducing the rate of pipeline cost increases." Mr. Chrétien said. "This plan will not be limited to matters within my immediate jurisdiction, but will also outline measures requiring the cooperation and positive action of all groups involved and affected by pipeline construction — from materials suppliers, labour unions, pipeline contractors and transmission companies, to the NEB, and other federal and provincial agencies which deal with the various facets of pipeline construction."

The task force will follow an informal format, and Mr. Horte will soon be contacting many of the parties involved in the oil and gas pipeline industry to solicit their views.

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For further information, please contact:

Norine Smith
Chief, Transportation and Pricing
Natural Gas Branch
Energy, Mines and Resources Canada
(613) 995-2500

BACKGROUNDER
SPECIAL TASK FORCE ON PIPELINE CONSTRUCTION COSTS

The rising cost of pipeline construction in Canada prompted the National Energy Board (NEB) to undertake an 18-month-long review of recently-built pipelines across the country. The report containing the findings of NEB staff was released last June.

It documented the rate of pipeline cost escalation since 1975, and found these costs had consistently exceeded the general rate of inflation over this period. The study also assessed the reasons for this escalation and forecasted that pipeline construction will continue to experience relatively high rates of inflation in the future. The NEB study prepared the groundwork for the development of practical solutions to the problem of continued cost escalation.

To ensure follow-up, the Honourable Marc Lalonde, the then Minister of Energy, Mines and Resources announced on August 30, 1982 the creation of a Special Task Force on Pipeline Construction Costs.

Mr. Lalonde expressed concern that the continued escalation of pipeline costs would jeopardize the financial viability of construction and could endanger the realization of some major upcoming projects. These projects provide significant employment and industrial benefits to Canadians and aid in the Government of Canada's goal to reduce oil consumption.

Mr. Chrétien announced today that he is appointing Mr. Vernon Horte to constitute a one-man task force on pipeline costs. With the extensive background work undertaken by the NEB, the mandate of Mr. Horte's task force is to find practical and effective ways of reducing pipeline costs. He is to make specific recommendations to the Minister of Energy, Mines and Resources as to what action can be taken.

In addition, the Task Force is to make concrete recommendations to all parties involved directly and indirectly in the ultimate costs of pipeline construction as to how they can reduce these costs. To ensure implementation of his proposals, Mr. Horte will work closely with these groups to seek their views, foster their understanding of the problems, and ensure their commitment to and cooperation with the recommended solutions.

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Although relatively little pipeline construction is planned for 1983, a number of major pipeline projects are being proposed for the next several years. Mr. Horte, therefore, will begin work on the Task Force in January and is to submit his report to Mr. Chrétien this June.

The scope of the Task Force will cover all pipelines regulated by the NEB, including offshore pipelines. It will address the problems facing pipelines at all stages of development, including those under construction, those undergoing regulatory review, and those which have not yet applied for regulatory approval.

It will also consider the particular circumstances surrounding the expansion in capacity of existing pipeline systems.

The terms of reference of the Task Force will include three categories: cost of materials, labour and contracting costs, and regulatory costs.

The Task Force is to make recommendations regarding:

Cost of Materials

- practices which could lead to a decrease in materials costs, including transportation costs for materials.

Labour and Contracting Costs

- improvement in contracting practices to lower contractors' costs, lessen their financial risks, and enhance productivity;
- improvement in labour/contractor relationships to avoid delays in construction;
- using advanced construction techniques and equipment to speed pipeline construction and reduce costs.

Regulatory Costs

- reducing costs by streamlining and coordinating the regulatory requirements of all levels of government;
- ensuring the cost-effectiveness of regulatory requirements in the area of pipeline design and safety, and environmental protection;
- using the regulatory process to promote efficient pipeline design and cost minimization;
- improving the efficiency of both applicants and regulatory processes in meeting regulatory requirements.

Mr. Horte will begin the work of the Task Force in early January by establishing contact with interested parties. He will follow an informal format, meeting personally with those involved in the construction of pipelines. These will include pipeline contractors, representatives of steel companies and other materials and equipment suppliers, pipeline companies, labour union representatives, oil and gas producers, gas distributors, and federal and provincial agencies and regulatory bodies. In addition, Mr. Horte will welcome all comments and suggestions that may be sent to him directly.

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From the Office of the Minister

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82/191
December 23, 1982

CHANGES IN UNEMPLOYMENT INSURANCE
REGULATIONS TO BENEFIT MINING COMMUNITIES

Minister of State for Mines, Judy Erola, has welcomed the changes that were made yesterday in the eligibility criteria of the unemployment insurance job creation program.

The changes affect the application of the sections of the Unemployment Insurance Act that allow unemployed workers, who are receiving unemployment insurance (UI) benefits, to participate in job creation projects.

Under the previous criteria, job creation projects qualified for the program only if they were community improvement projects. Now, projects at mine sites such as waste removal or development work, will qualify provided they don't involve production of ore. Such projects will help keep the mine work-force together and allow miners who would otherwise be idle to use their skills.

"The Canadian mining industry is an export industry, and we in government cannot protect the industry from changes in international mineral markets," said Mrs. Erola, "but we can do our best to ensure that the distress suffered by mine-workers and their families, and by mining communities, is minimized. The changes in the unemployment insurance program will give mining communities another tool that they can use during the current downturn in mining".

Mrs. Erola pointed out that the changes are in accord with the recommendations of the Report of the Task Force on Mining Communities. The Task Force, an industry-labour-government study group, was established by the federal and provincial mines ministers, and was asked to recommend measures that could help to solve the unique problems of communities solely dependent on mining. The report identified three issues for immediate action: more flexible use of UI funds, or some other mechanism

- more -

to assist job preservation; additional funding, through UI or some other mechanism for job creation; and the elimination of proposed taxation of employee benefits in northern and isolated areas.

"The federal government has taken action in the areas identified by the Task Force for immediate attention," said Mrs. Erola. "We have changed unemploym insurance job creation eligibility criteria, we have introduced the New Employment Expansion and Development Program (NEED), and we have modified plans to tax employee benefits. The special problems of mining communities require attention by the industry; organized labour; and federal, provincial and local governments. No single government or single sector has all the answers. At the federal level we have taken action in response to the pioneering work of the Task Force, and we hope others will take similar action."

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For more information, please contact: Peter Black
Special Assistant to the
Minister of State for Mines
(613) 996-4382

From the Office of the Minister

82/192
December 24, 1982

EROLA COMMENTS ON SUDBURY EMISSIONS TASK FORCE FINDINGS

Federal Mines Minister Judy Erola has examined the findings of the Ontario/Canada Task Force on Sudbury smelters referring to the recommendations as "useful and informative". "The Task Force has produced a detailed account of a range of pollution abatement technologies available to both INCO and Falconbridge", said Mrs. Erola, "and the fact that the Task Force has addressed the cost-effectiveness of these technologies makes possible the assessment of their relative merits". Mrs. Erola also noted that the technology identified as the most favourable for INCO would also contribute to improved productivity over the long term.

Mrs. Erola noted that the Task Force acknowledged the significant reductions already achieved by the two Sudbury smelters. She also noted that further reduction out of Sudbury must take into account the fact that the smelters are one of several components in a comprehensive acid rain abatement strategy, and that an equitable reduction formula should take into account reductions from other sectors. The Minister was encouraged by the Task Force's reference to the need for reconciling environmental and economic goals insofar as the nickel industry in Sudbury is concerned. She added that this need will be addressed in discussions she will have with colleagues within the federal and provincial governments as well as with industry and labour as a follow up to the Task Force report.

In her comments on the Task Force and its findings, Mrs. Erola noted that environmental concerns have been expressed about non-ferrous smelters and refineries in various other parts of Canada. Resolution of these concerns will require close cooperation between government, industry and labour. Accordingly, Mrs. Erola welcomed the establishment of a Nonferrous Smelter Industry Working Group, involving senior industry, government and labour representatives. The main objective of the Working Group will be to explore means in Canada to reduce sulphur dioxide emissions from nonferrous smelters in Canada to acceptable levels, while also recognizing that Canada needs to maintain or increase the international cost-competitiveness of its nonferrous mineral industry. The first meeting of the Working Group is scheduled for January 24, 1983.

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For further information, contact: Peter Black
Executive Assistant to the Minister of State for Mines
(613) 996-4382

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

26

83/1
January 10, 1983

SCIENTIFIC EXPEDITION TO STUDY UNDERSEA MOUNTAIN RANGE IN ARCTIC

An expedition of more than 40 earth scientists and technicians will conduct a comprehensive study of an Arctic undersea mountain range this spring, it was announced today by Hon. Judy Erola, Minister of State for Mines.

The Canadian Expedition to Study the Alpha Ridge (CESAR) follows by four years a similar study of the Lomonosov Ridge which runs through the North Pole. The location of the 1983 expedition will be about 500 km south of the true north pole. The event marks the centennial of the first International Polar Year.

The expedition will be led by the Earth Sciences Sector of the Department of Energy, Mines and Resources, and will take place over a 60-day period beginning in early March. It will involve participation by several federal government departments. The Canadian Forces are supporting the expedition by building its base camp and airfield. Members of 2 Combat Engineer Regiment from Petawawa, Ontario will parachute into the site along with a bulldozer and grader. In a period of two weeks they will carve two 1600-metre runways out of pack ice in preparation for the main airlift.

In addition to federal government Arctic specialists, scientists from universities in both Canada and the United States will conduct experiments during the CESAR project.

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See attached fact sheet

For more information contact: Chris Bunting
(613) 995-3065

NOTE TO EDITORS

2 Combat Engineer Regiment will rehearse the paradrop, including heavy equipment, on January 13, 1983 at Canadian Forces Base Petawawa. Contact Major Noble at Petawawa 827-6011, ext. 360 for further information.

Canada

CESAR 83
BACKGROUNDER

Scientists from the Earth Sciences Sector of the Department of Energy, Mines and Resources are planning a multidisciplinary geophysical and oceanographic expedition to study a submarine mountain range in the Arctic Ocean. The operation, code-named CESAR 83, for Canadian Expedition to Study the Alpha Ridge, will take place next spring, coinciding with the 100th anniversary of the first International Polar Year.

Over a period of 60 days some 43 geoscientists, oceanographers and technicians from EMR, from other government departments and from Canadian and American universities will sound the deep structure of the Arctic Ocean's crust using a variety of geophysical methods. The expedition will focus on the Alpha Ridge which is a rugged submarine mountain range 350 to 400 km wide, rising 2.7 km above the adjacent Makarov and Canada basins and extending 1300 km west from Ellesmere Island to the Mendeleev Ridge.

The Arctic Ocean consists of a deep basin surrounded by continental shelves varying from very wide along the Soviet coast to very narrow along the Alaskan coast. The basin is divided by the Lomonosov Ridge into two parts: the Eurasia Basin and Amerasia Basin. These two basins are in turn bisected by the Nansen-Gakkel Ridge and the Alpha-Mendeleev Ridge, respectively. Scientists believe the Eurasian Basin is growing along an active spreading centre, the Nansen-Gakkel Ridge which is an extension of the better known Mid-Atlantic Ridge. The Eurasia Basin started to open up shortly after the North Atlantic Ocean opened some 70 million years ago. This process is still continuing. Today, relative motions between Greenland and Norway, and between the Lomonosov Ridge and the Barents Shelf are about 12 mm and 6 mm per year, respectively.

Because the Arctic Ocean is remote and difficult to reach, it remains the least understood of all the world's oceans. It is also among the most complex oceans from an evolutionary point of view. There is a consensus among experts on the evolutionary history of the Eurasia Basin, but the age and origin of the Amerasia Basin remain largely speculative.

The CESAR base camp will be established on the drifting pack ice some 350 km off the coast of Ellesmere Island. There, scientists will carry out gravity, seismic and magnetic measurements, and will probe the ocean bottom by coring, dredging and photographing. They will measure the heat transfer from the ocean floor to the water, determine the amount of nutrients, trace elements and micro-organisms in the water column, measure its temperature and salinity, and determine the speed and direction of ocean bottom currents.

Concurrently with CESAR, the Canadian Hydrographic Service (CHS) will carry out ocean depth sounding and gravity surveys on the continental shelf north of Ellesmere Island to the 1000 m isobath. These surveys are part of an ongoing program of hydrographic and gravity mapping of the Canadian Polar Continental Shelf and the Arctic inter-island waters that has been carried out every spring since 1960. They serve to delineate the extent of Canada's sovereignty over its off-shore oil and mineral resources, in accordance with international law.

The relatively high cost of logistic support for an offshore operation in the Arctic prevents projects of this type being undertaken each year. Consequently, the operation has been spread over three years; fuel and some equipment were deployed to strategic locations during the summers of 1981 and 1982.

Canadian Forces (CF) Hercules aircraft will airlift 300 000 kg of equipment, supplies and fuel, and 40 scientists and support personnel from Resolute to the CESAR base camp, a distance of 1200 km, and will evacuate them two months later. During the first week of March, when there is still little daylight, the airlift will be preceded by a reconnaissance flight with an aircraft equipped with side-looking radar. A radar image mosaic of the pack ice will be produced to identify areas containing ice floes sufficiently smooth and large for runway construction. On about March 11 two Twin Otter aircraft chartered by PCSP will leave Eureka for the areas identified on the radar mosaic and start the search for a suitable camp site. The search planes will be manned by two PCSP personnel with many years of experience in sea ice reconnaissance, and by the chief scientist and a military engineer. Once the site has been chosen the CF will paradrop a detachment of engineers from Petawawa, complete with heavy machinery, explosives, pumps, radio communications, tents and rations for two weeks, to construct two 1600 m by 100 m runways for the Hercules aircraft. The first runway will be built on smooth first-year ice of minimum 1.5 m thickness; the second wil be built on a thick multiyear ice floe, and will serve as an alternative runway for the evacuation should the first runway break up. Once the runways are completed the main airlift from Resolute will begin.

The Polar Continental Shelf Project (PCSP) of EMR will provide logistic support for the expedition in the Arctic, at a cost of 1.7 million dollars. This includes transfer payments to the Department of National Defence for airlifts and a fund for unforeseen expenditures, for example, an emergency evacuation should the ice break up prematurely. Included in this figure are funds which have been provided by agencies in the United States and Canadian agencies outside EMR.

The CESAR experiment forms part of EMR's earth science program, which aims to provide a better understanding of Canada's geological framework as a basis for managing the development and exploitation of our mineral and energy resources and a recognition of how such economic activities might affect the sensitive Arctic environment. Ocean basins are particularly important in this respect because they are dynamic structures forged by the forces of plate tectonics. Thus, by understanding the past and current dynamics of the Arctic Ocean Basin we will develop better insights into the development of oceans, the formation of continents and the distribution of resources. In view of the potential of the Polar Continental Shelf for energy resources and of the adjacent Arctic Archipelago for both mineral and energy resources, clarification of the role of the Alpha Ridge in the geological evolution of the Arctic is an essential step in EMR's Arctic research. Other important benefits deriving from this program include an improved capability to operate from sea ice, the development and testing of technology in arctic environments, particularly navigation systems, and a greatly enhanced image for Canada as an Arctic nation. In 1979 the very successful LOREX experiment over the Lomonosov Ridge near the North Pole proved that Canada has both the organizational and scientific expertise to carry out large Arctic projects. Our ability to construct equipment capable of operating in the harsh environments of both polar sea ice and deep ocean was demonstrated during LOREX. To maintain and refine these skills is important if Canada wants to keep pace with scientific and technological advances and remain competitive among northern nations.

As an example, scientists at the Earth Physics Branch have developed a sophisticated computer program that greatly improves the accuracy with which the position of a drifting ice floe can be determined by tracking artificial satellites. Engineers at the Bedford Institute of Oceanography in Dartmouth, Nova Scotia have developed a seabed corer for CESAR that will allow them to collect cores up to 10 m long from the ocean floor. Previous corers had a penetration of only 3 m. With this new tool marine geologists, for the first time, will be able to penetrate to pre-Pliocene depths antedating the onset of the Arctic Ocean ice cover. Reaching this

depth is important for two reasons: first, to collect sediments that are uncontaminated by material carried out to sea by the floating ice cover, and second, to study the relationship of ice cover to interglacial periods, in order to determine palioclimates and perhaps to determine the time when glaciation was initiated.

For further information on the organization and related activities of the CESAR expedition, call Chris Bunting, Communications Branch, Energy, Mines and Resources, (613) 995-3065.

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Energy, Mines and Resources Canada | Énergie, Mines et Ressources Canada

COMMUNIQUE

83/06
January 27, 1983

CHRÉTIEN COMMENTS ON NEB GAS EXPORTS REPORT

OTTAWA — Energy Minister Jean Chrétien today commended the National Energy Board for its prompt delivery of its report on natural gas exports.

"Exports of natural gas have been, and will continue to be, very important to the Canadian economy," Mr. Chrétien said. "For this reason, my cabinet colleagues and I will be giving serious and careful consideration to the series of recommendations made by the NEB."

The Board's report, entitled "Reasons for Decision in the Matter of Phase II and Phase III of the Gas Export Omnibus Hearings 1982," was the result of many months of hearings across the country last year.

The Minister said it is the responsibility of the National Energy Board to issue export licences, but only with the approval of the Governor-in-Council.

"I'm also very aware of the importance the provinces will attach to the report," he added. "Certainly these views will be considered carefully by the Government of Canada in coming to a decision on gas exports."

"While I have no intention to delay unnecessarily a decision on the question of additional exports, it is important to recognize that a lot is at stake and care must be taken to ensure that all implications of the report are fully considered."

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For further information, please contact:

Georgina Wyman
Director General
Natural Gas Branch
Energy, Mines and Resources Canada
(613) 995-2500

Canada

Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

COMMUNIQUE

6

83/3
January 20, 1983

EMR SCIENTISTS GEARED TO LOCATE SATELLITE DEBRIS

Canadian government scientists are prepared to track down any radioactive debris from the out-of-control Soviet surveillance satellite COSMOS 1402 if it strikes any part of Canada, according to Judy Erola, Minister of State for Mines. There is a three per cent chance that it will come down in this country.

The Geological Survey of Canada, a branch of the Department of Energy, Mines and Resources has been delegated by the Department of National Defence to conduct the airborne search operation under the direction of Dr. A.G. Darnley of GSC.

The Geological Survey will lead the search using its own high sensitivity gamma-ray spectrometer, the equipment that played the key role in obtaining the first positive fix of radioactive debris from COSMOS 954 almost exactly five years ago. The equipment would be installed in GSC's Skyvan aircraft or in a Canadian Armed Forces Hercules, depending where and if debris falls in this country.

The search would be operated in conjunction with four Canadian airborne geophysical survey contractors, whose aircraft and equipment have been placed on stand-by for use if and as required.

The gamma-ray spectrometer that would be used, was designed and developed by Quentin Bristow of the GSC research and development section for the airborne mapping of radioactivity of Canada's rocks, a successful technique originally developed by Dr. Darnley. The spectrometer is so versatile and sensitive that during the January 1978 COSMOS 954 search, it positively identified radioactive satellite debris among the snow, ice, darkness and strong natural radioactivity of the Northwest Territories.

Not surprisingly the basic design of this equipment was later adopted for commercial manufacture and sold to several countries including, paradoxically, the USSR.

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For further information contact: Dr. A.G. Darnley
Geological Survey of Canada
(613) 995-4909

Canada

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/08
February 2, 1983

FEDERAL GOVERNMENT TO GIVE GRANTS TO INDUSTRIES SWITCHING TO GAS

OTTAWA – Energy Minister Jean Chrétien today announced a $25 million program to encourage the use of pipeline natural gas.

Use of this abundant, domestic fuel will reduce oil consumption and thereby contribute to the security of Canada's energy supply.

Under this five-year program, the Industrial Conversion Assistance Program (ICAP), the Government of Canada will contribute 50 per cent of the eligible capital costs of converting appliances from the use of bunker fuel oil (No. 6) to pipeline natural gas.

Although the focus of ICAP is on industry, commercial establishments and private institutions will also be eligible. The program will be available in all provinces and territories, and will be administered by local gas suppliers under the direction of EMR.

Conversion work started between 31 May 1982 and the date of the official launching of the program will be considered for a contribution under the terms and conditions of the program, providing application is made within 12 months of this announcement.

ICAP is one of several federal government programs aimed at helping Canada reduce its oil consumption to no more than 10 per cent of the total energy used in areas other than transportation by 1990.

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For further information, please contact:

ICAP Secretariat
Energy Conservation and Oil Substitution Branch
Energy, Mines and Resources
(613) 995-9447

ICAP/BACKGROUNDER

- ICAP applicants must have an appliance currently burning No. 6 fuel oil that can be converted to burn natural gas, either solely or in combination with another fuel.

- Industrial and commercial establishments, and private institutions must be taxable to be eligible under ICAP. Contributions paid under the program cannot be included in the applicant's capital cost base when calculating the capital cost allowance for income tax purposes.

- The program will be delivered by local gas suppliers under an administrative agreement with the Government of Canada (the Minister of Energy, Mines and Resources).

- Once an administrative agreement between EMR and the gas supplier has been signed, the supplier will send to potential applicants an official letter of offer indicating when gas service could be made available.

- The gas supplier will then execute a gas sales contract with applicants wishing to use the program, to ensure gas availability for no less than the quantity of gas consumption required to comply with ICAP terms and conditions.

- The applicant will:

  a) ensure that the proposed conversion falls within ICAP eligibility criteria, and, if necessary, request prior opinion from EMR on the eligibility of the conversion before commencing the project;

  b) initiate conversion of the appliance; light-up the appliance within one year of initiation of the conversion;

c) execute an agreement with the federal government agreeing that the gas to be used will be at least 50 per cent of the energy consumed by the converted appliance for each of the three years following the conversion; and annually report actual consumptions;

d) obtain written approval from EMR before commencing work for each appliance or group of appliances within the same conversion, where the total estimated eligible capital cost of conversion is in excess of $250,000.

- An application will be considered ineligible when gas is to be used:

a) in any oil (petroleum) refinery

b) in any petrochemical or fertilizer plant (or expansion of these plants) that began operation after October 31, 1981

c) to displace No. 6 fuel oil for generation of electricity to be sold.

- ICAP is expected to be a five-year program, extending to March 31, 1987. It will be reviewed after three years and revisions will be made, if necessary.

- Conversion work started between 31 May 1982 and the date of the official launching of the program will be considered for a contribution under the terms and conditions of the program, providing application is made within 12 months of this announcement.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/11
February 5, 1983
3:00 p.m.

EMR AND HUDAC TO BUILD ENERGY-EFFICIENT HOMES

Energy Minister Jean Chrétien and Cyril Morgan, President of the Housing and Urban Development Association of Canada (HUDAC) today announced the signing of an agreement that will assist in the construction of up to 300 super energy-efficient houses across the country, during 1983.

The agreement with HUDAC is part of the federal government's Super Energy-Efficient Home Program (SEE Program) which has a $6 million budget for training builders in the techniques of constructing and marketing super energy-efficient houses, called the R-2000 Home. Builders selected to construct an R-2000 Home will receive a contribution of $6500 to help offset costs associated with participating in the demonstration program. Each home will be open to the public following construction and will be monitored for energy performance for an additional two-year period.

As part of the agreement signed today, HUDAC will co-ordinate the building and demonstration of the R-2000 homes, identify appropriate sites recommend builders and implement builder training and education activities. The government of Canada through Energy, Mines and Resources, the Canada Mortgage and Housing Corporation and the National Research Council will provide assistance and direction to the SEE Program through an advisory committee.

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Canada

Mr. Chrétien and Mr. Morgan signed the agreement in an R-2000 Home constructed for demonstration to delegates to the HUDAC National Conference which is being held in Vancouver this week. The home was built on a parking lot at the corner of Georgia and Thurlow in downtown Vancouver where it will be open to the public from 11:00 a.m. to 9:00 p.m. each day for the next five weeks. Later, the R-2000 Home will be moved to a permanent site.

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For futher information contact:

Joyce Kennedy
Regional Information Officer
Energy Mines and Resources
(604) 524-7222

83/11(a)
February 5, 1983
3:00 p.m.

BACKGROUNDER

SUPER ENERGY-EFFICIENT HOME PROGRAM

Approximately 19 per cent of Canada's energy is used for residential heating purposes.

Efforts to reduce the demand for energy in the residential sector have resulted in designs that provide as much as 60 per cent to 80 per cent reduction in space heating demand, compared to a typical 1973 home. These energy savings can be economically achieved in new residential buildings by incorporating the following principles:

- design buildings for energy efficiency;
- insulate well beyond the 1978 Building Code Standards;
- improve air-tightness to reduce energy losses due to air infiltration;
- control ventilation and use waste heat recovery system;
- use high quality windows and place them carefully to maximize the use of energy from the sun;
- use efficient and appropriately sized smaller heating systems.

Other efforts in energy conservation can reduce the energy demand for hot water, appliances, lighting, etc., up to 50 per cent.

Super Energy-Efficient Housing

Less than one per cent of new houses built in 1983 will achieve the high levels of energy efficiency possible with the techniques described above.

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In response to this situation, the Super Energy-Efficient Home Program was launched as part of the National Energy Program.

The SEE Program will:

- encourage and assist in the construction of approximately 300 low-energy houses across Canada in order to obtain pertinent data on energy consumption, costs and savings;

- determine the technical and economic viability of various designs and techniques;

- transfer knowledge on the construction of low-energy housing to the Canadian building industry for application in new house construction;

- compare predicted energy requirements with actual consumption through a computer program that estimates annual space heating requirements.

Co-operating Agencies

HUDAC (Housing and Urban Development Association of Canada), through its national, provincial, and local councils, will co-ordinate the program, identify suitable sites, recommend builders and implement general training and education activities. A federal government advisory committee composed of representatives from EMR (Energy, Mines and Resources Canada), CMHC (Canada Mortgage and Housing Corporation), and NRC (National Research Council) will co-ordinate the federal role and provide assistance to the program.

The involvement of HUDAC in the delivery of this program is an important step in developing an integrated approach for future housing.

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The SEE Program is also an important mechanism for further development of an energy-efficient strategy for new housing and benefits Canada in the following ways:

- through HUDAC and the development of a government/private sector consensus approach, a new mechanism has been created to foster the widespread adoption of energy-efficient housing in Canada;

- the building industry will receive assistance in on-going training and education programs;

- business opportunities and employment will be stimulated to produce low energy building products, some of which may find an export market;

- direction to program development, and technology transfer will be provided. Further R&D in the area of low energy building techniques will be stimulated, leading in turn to new program development and the transfer of this new technology to private housing.

The SEE Program will commence immediately with the construction of 300 houses in various locations across Canada.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/12
February 5, 1983

COMPRESSED NATURAL GAS CONTRIBUTION PROGRAMS ANNOUNCED

The Honourable Jean Chrétien, Minister of Energy, Mines and Resources, today announced two new federal programs designed to support the use of compressed natural gas (CNG) as an alternative to oil as a vehicle fuel. The programs are effective immediately and will operate until 1987.

The first provides a taxable contribution of up to $50,000, to be provided to some 125 fueling station operators who wish to install a CNG outlet. This contribution will subsidize the estimated $300,000 cost of adding CNG compressors and dispensing equipment to an existing gasoline or diesel outlet. All stations opened between May 31, 1982 and March 31, 1987 will be considered.

The second program offers taxable contributions to both commercial users and private consumers of up to $500 toward the estimated $1,800 cost of converting a vehicle for CNG use. A target of 35,000 conversions has been set for this program which will be in effect from April 1, 1983 to March 31, 1987. Anyone converting vehicles after February 5, 1983 can apply to the program.

Exploration during recent years has resulted in new discoveries of Canadian natural gas that are in excess of current annual demand. CNG could supply a significant portion of Canadian transportation fuel demand over several decades.

Natural gas is already widely distributed in Canada, but there has as yet been little industrial development for the conversion of vehicles and the establishment of a fueling network to deliver CNG to vehicles. Programs such as those announced today are intended to encourage use of CNG as a practical alternative fuel in Canada.

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For further information, please contact: Judith Gibson
(613) 995-9447

BACKGROUNDER

CNG CONTRIBUTIONS PROGRAMS ANNOUNCED

As part of the national effort to reduce oil consumption, the Government of Canada is encouraging the use of compressed natural gas as an alternative vehicle fuel.

Compressed natural gas (CNG) is the same kind of natural gas piped into homes and businesses, compressed to pressures which allow it to be used in motor vehicles. It has been used to power cars and trucks in a number of countries. In Italy, it has been in use since the 1920's.

Sufficient reserves of natural gas are available in Canada to supply the transportation industry for many decades. Natural gas is already widely distributed in Canada, although, as yet, there is a very little established industry for conversion of vehicles and only a handful of CNG fueling stations in Canada.

Compressed natural gas burns with ease in vehicle engines and produces few hydrocarbon emissions. It gives a faster engine start in cold weather and smoother idling because it is already in a gaseous state and does not need to be vapourized.

Since CNG does not form a sludge and does not rinse oil from cylinder walls, it saves money on piston rings, spark plugs, filters, oil changes and other maintenance costs. Some experts feel that due to this reduced wear and tear, engines using CNG could last considerably longer than engines using gasoline.

Like any vehicle fuel, CNG has limitations. Extra weight and space are required for storage cylinders and can result in decreased payload. At present, few refueling facilities are available and personnel trained in installation and service are also small in number. Conversion costs are high, but will be considerably reduced by the CNG programs now available.

The compressed natural gas contribution programs announced today are designed to establish CNG as a viable, safe and economic alternative vehicle fuel. The establishment of a number of fueling stations and some initial user demand is intended to encourage subsequent private sector development where appropriate. In the near future as much as 10 per cent of Canada's transportation fuel needs could be supplied by CNG. This would represent an equivalent saving of approximately 10,000 cubic metres (70,000 barrels) of crude oil per day.

There are enough large surplus reserves of natural gas to serve foreseeable market demands and more.

The 1982 cost of converting a typical, light-weight vehicle to CNG was approximately $1,800. Savings would accrue mostly from cheaper fuel costs with secondary savings from reduced maintenance costs and longer engine life.

Vehicle crash tests have proven that CNG tanks are as safe as gasoline tanks. A properly installed CNG and propane system is at least as safe in collisions as conventionally-fuelled vehicles.

MOTOR FUEL SAVINGS THROUGH THE USE OF CNG

To estimate the potential savings of using compressed natural gas instead of gasoline, use the attached chart.

For example, if a person drove 40,000 km a year, when CNG costs the equivalent of $0.18 per litre less than gasoline in a vehicle using 30 litres per 100 km, he would save $2,160 a year. A person driving 10,000 km in the same car would save $540, and a person driving 80,000 km would save $4,320.

The following factors should also be considered when translating these savings into a pay-back period:

- precise conversion cost
- the amount of gasoline one continues to use
- increasing fuel costs over time
- interest paid on conversion costs
- contribution of government incentives
- reduced maintenance costs
- extended vehicle life

ANNUAL MOTOR FUEL SAVINGS THROUGH THE USE OF CNG

RETAIL SERVICE STATION PRICE SPREAD SENSITIVITY BETWEEN GASOLINE AND CNG

		Price Spread in Cents Per Litre					
		22¢ $	20¢ $	18¢ $	16¢ $	14¢ $	12¢ $
A. 80,000 km/Year							
1. @ 40 L/100 km	= 32,000 litres	7040	6400	5760	5120	4480	384[illegible]
2. @ 30 L/100 km	= 24,000 litres	5280	4800	4320	3840	3360	278[illegible]
3. @ 20 L/100 km	= 16,000 litres	3520	3200	2880	2560	2240	192[illegible]
4. @ 10 L/100 km	= 8,000 litres	1760	1600	1440	1280	1120	96[illegible]
B. 60,000 km/Year							
1. @ 40 L/100 km	= 24,000 litres	5280	4800	4320	3840	3360	288[illegible]
2. @ 30 L/100 km	= 18,000 litres	3960	3600	3240	2880	2520	216[illegible]
3. @ 20 L/100 km	= 12,000 litres	2640	2400	2160	1920	1680	144[illegible]
4. @ 10 L/100 km	= 6,000 litres	1320	1200	1080	960	840	72[illegible]
C. 40,000 km/Year							
1. @ 40 L/100 km	= 16,000 litres	3520	3200	2880	2560	2240	192[illegible]
2. @ 30 L/100 km	= 12,000 litres	2640	2400	2160	1920	1680	144[illegible]
3. @ 20 L/100 km	= 8,000 litres	1760	1600	1440	1280	1120	96[illegible]
4. @ 10 L/100 km	= 4,000 litres	880	800	720	640	560	48[illegible]
D. 20,000 km/Year							
1. @ 40 L/100 km	= 8,000 litres	1760	1600	1440	1280	1120	96[illegible]
2. @ 30 L/100 km	= 6,000 litres	1320	1200	1080	960	840	7[illegible]
3. @ 20 L/100 km	= 4,000 litres	880	800	720	640	560	4[illegible]
4. @ 10 L/100 km	= 2,000 litres	440	400	360	320	280	2[illegible]
E. 10,000 km/Year							
1. @ 40 L/100 km	= 4,000 litres	880	800	720	640	560	4[illegible]
2. @ 30 L/100 km	= 3,000 litres	660	600	540	480	420	3[illegible]
3. @ 20 L/100 km	= 2,000 litres	440	400	360	320	280	2[illegible]
4. @ 10 L/100 km	= 1,000 litres	220	200	180	160	140	1[illegible]

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/13
February 4, 1983

JOB CREATION PROJECT AT CASSIAR, BRITISH COLUMBIA

Judy Erola, Minister of State for Mines, and Senator Jack Austin, Minister of State for Social Development, announced today on behalf of Employment and Immigration Minister Lloyd Axworthy the approval of a job creation project sponsored by Brinco Mining Limited at its mine in Cassiar, British Columbia.

The project will employ 125 mine-workers for 17 weeks in pre-production waste removal. It has been approved under the Unemployment Insurance Job Creation Program. The Program allows the use of unemployment insurance funds in job creation projects which will help unemployed workers to keep active and to maintain their skills. The eligibility criteria for the Program were recently changed to include waste removal and other pre-production activities at mines.

"The impact of a layoff in a mining community can be severe," said Erola, "and we in the federal government want to ensure that our programs are sensitive to the needs of mining communities and flexible enough to be of use in the special circumstances of isolated, one-industry towns. This project is an example of what we are trying to do, and I look forward to other projects in other communities."

"Income support programs are, of course, an important way to cushion the impact of economic downturns," said Senator Austin, "but we should be concerned with more than income support. We want to keep people working; we want to maintain their skills so they can be ready when conditions improve. Government-industry co-operation of the kind that we see in this project is going to help achieve that goal."

Cassiar is in northern British Columbia, near the Yukon border. On November 30, 1982, a tramline accident forced the closure of the open-pit asbestos mine and all non-essential workers were laid off. Repairs to the tramline will soon be completed, and some mine-workers will be recalled to resume mining the ore.

Pre-production waste removal was four months ahead of schedule prior to the accident. Faced with the cost of lost production and repairs to the tramline, Brinco had decided not to re-start waste removal activities until May. Changes in the eligibility criteria for the U.I. Job Creation Program have allowed the company to recall miners for rock removal. The collective agreement required that laid-off workers be recalled or terminated by February 1, 1983, and without the Program the workers would have been terminated.

Mine-workers involved in the project will continue to receive their unemployment insurance benefits. These benefits will be supplemented by a contribution from Brinco, which will bring their total income to the levels specified in the collective agreement with the United Steelworkers of America.

- 30 -

For further information, please contact: Peter Black
Special Assistant to the
Minister of State for Mines
Energy, Mines and Resources Canada
(613) 996-4382

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

76

83/14
February 7, 1983

CHRÉTIEN ANNOUNCES CHANGES TO PIP AND COR/CS REGULATIONS

Energy Minister Jean Chrétien today announced a series of decisions that will assist applicants in obtaining Petroleum Incentives Program (PIP) payments and Canadian Ownership Rate and Control Status (COR/CS) certificates.

Mr. Chrétien said, "These measures reflect my desire that the PIP and COR/CS programs be as straightforward and simple as possible. They resulted from ongoing consultations between my officials and industry representatives and are an important first step in a broader effort to simplify these programs. We welcome additional suggestions from the industry on how this can be accomplished."

PIP provides incentive payments, primarily to Canadian-owned and controlled applicants, for petroleum exploration and development work carried out in Canada. In order to receive PIP payments – other than a basic 25 per cent payment for eligible exploration expenses on the Canada Lands – applicants must obtain certificates establishing that they are Canadian-controlled and identifying their level of Canadian ownership.

The major decisions announced today include:

- Extension of the life of COR/CS certificates from the current 12 months to between 18 and 30 months. This extension will reduce the frequency of applicants re-applying for certificates and lessen administrative costs for applicants.

- New rules that should enable more applicants to qualify as "small applicants" for COR/CS purposes and thus reduce the amount of information they must provide to the Petroleum Incentives Administration in order to obtain COR/CS certificates.

- more -

- An amendment to the PIP Regulations that extends the period in which PIP applicants can request that their COR/CS levels be temporari[ly] established from the current date of December 31, 1982 to December 31, 1986. This will allow certain bona fide PIP applicants to receive incentive payments even though they have not received COR/CS certificates, providing that they have applied for, or are applying for, such a certificate. The amendment is particularly important for applicants who have made expenditures that qualify for PIP payments before applying for a COR/CS certificate.

These measures, along with the new Regulations under the Canadian Ownership and Control Determination (COCD) Act, which were promulgated in December, 1982, will replace draft COCD Regulations introduced in March, 1982. To ease the transition, applicants have the option of using the March Regulations for any COR/CS certificate applications in substantial compliance filed before the end of February. After February 28, 1983, they must use the new Regulations.

The Petroleum Incentives Administration will provide further details of the new COCD Regulations in information kits which will be available at a later date.

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For further information on the Canadian Ownership and Control Determination Program, contact:

Chris Paulin
Co-ordinator,
COCD Operations Branch
Petroleum Incentives Administration
Energy, Mines and Resources Canada
580 Booth Street
Ottawa, Ontario
K1A 0E4
(613) 996-4444

For further information on the Petroleum Incentives Program, contact:

Barbara Schultz
Petroleum Incentives Program
Petroleum Incentives Administratio[n]
Energy, Mines and Resources Canad[a]
P.O. Box 4516, Station E
Ottawa, Ontario
K1S 5B5
(613) 996-2611

BACKGROUNDER
AMENDMENTS TO CANADIAN OWNERSHIP AND CONTROL DETERMINATION (COCD) AND PETROLEUM INCENTIVES PROGRAM (PIP) REGULATIONS

The COCD Program started on a conditional basis on March 10, 1982, with the release of draft Regulations. The official version of these Regulations was promulgated by Order-In-Council on December 29, 1982. The amendments to the December 29th Regulations announced today by the Honourable Jean Chrétien are designed to assist applicants to obtain Canadian Ownership Rate and Control Status certificates under the COCD Program. The principal differences between the December 29 COCD Regulations (as amended) and the March draft, as well as the amendments to the PIP Regulations, are discussed below:*

1. Increasing the Term of Certificates

Effective immediately, the validity of COR/CS certificates will be extended from its previous 12 months to a period between 18 and 24 months, plus an additional random period of up to six months. (The random period is an administrative device intended to ensure that large numbers of future re-applications do not occur on approximately the same date. These additional periods of from zero to six months will be allocated to certificates on a statistically random basis.) The length of the certificates will be dependent upon the classes of persons as follows:

(a)	all public entities, other than small applicants	18 months plus random period (up to six months)
(b)	all private entities, other than small applicants	20 months plus random period (up to six months)
(c)	individuals and small applicants	24 months plus random period (up to six months)

* Note that with the exception of those in item 2, all references to "Regulations" are to the COCD Regulations.

This lengthening of certificate duration provides a significant workload reduction for the applicant, and will be made available to all applicants whose COR and CS have already been determined by the Petroleum Incentives Administration. However, the extended life of certificates does not preclude any applicant from requesting a new or amended certificate if its COR rises.

2. Extension of the Eligible Period for COR/CS Fixes

Under the Petroleum Incentives Program (PIP) Act and Regulations, the period during which the Minister may temporarily establish a Canadian Ownership Rate (COR) and Control Status (CS) for PIP applicants has been extended to December 31, 1986, from December 31, 1982. This may permit an applicant to obtain PIP payments prior to receiving a certificate under the Canadian Ownership and Control Determination Act, and ensures that eligible applicants can receive their PIP entitlements in the event of unforeseen or uncontrollable delays in the COR/CS certification process. The terms and conditions under which a COR/CS can be temporarily established are set out in Section 4 of the PIP Regulations, as amended.

Where an applicant wishes to have a COR and CS determined for any period prior to September 1, 1982, but still has not completed the processing of an application for a COR/CS certificate, he is required: to file an application for PIP incentives and a request to the Minister for the fixing of a COR and CS on or before February 28, 1983; and to file an application in substantial compliance with the Canadian Ownership and Control Determination Act on or before February 28, 1983.

A guideline is being prepared to provide more details on the amended terms and conditions for the fixing of a COR and CS under the PIP Act and Regulations. It will be available shortly and can be obtained by writing to:

Barbara Schultz
The Petroleum Incentives Program
The Petroleum Incentives Administration
Energy, Mines and Resources Canada
P.O. Box 4516, Station E
Ottawa, Ontario K1S 5B5
(613) 996-2611

3. "Small Applicant": Sections 2(1), 3(1), 11(2)(c)

The "small applicant" category was created to enable smaller Canadian controlled entities to qualify for the maximum rate of PIP payments without undertaking a detailed COR measurement if they meet certain criteria. These criteria are set out in subsection 2(1) and Section 3 of the COCD Regulations. One of these criteria is that the entity have less than $20 million in total assets (if using the full cost method of accounting with respect to oil and gas assets), or less than $10 million in total assets (if using any other generally accepted method of accounting, e.g. successful efforts). A second criterion is that the entity have less than $10 million in annual gross revenues.

As a result of new rules, a larger proportion of total applicants should now be able to qualify for the lesser work associated with "small applicant" status:

(i) now, the applicant need only be able to certify that he has no knowledge or reason to believe that his COR is less than 50 per cent; the previous test had contemplated a certification that at least 50 per cent of his shares are owned by persons having 100 per cent CORs; and

(ii) instead of a small applicant having to aggregate its assets with those of any other entity owning a specified portion of its equity, aggregation now need only take place with an entity which is controlled in fact by the same person as the applicant, and which, itself, holds a COCD certificate. Previously, a small applicant had been required to aggregate its assets and revenues with those of any entity which owned 10 per cent or more of any class of its formal equity, and which controlled the applicant in fact, or was a member of a group which so controlled the applicant. In addition, the previous aggregation rules applied only to small applicants who did not have a publicly-traded class of formal equity. The amended rules apply whether or not the small applicant has any publicly-traded formal equity. Finally, there is now also an exception to this aggregation rule for controlling trustees or partners which have limited equity interests.

Also, in order to reduce the administrative workload, a small applicant, which is a public entity, may now use its small applicant certificates until September 1, 1983, to respond to COR requests from others in whom it may be an investor. Previously, a small applicant had been required under these circumstances to calculate its COR in accordance with the rules applicable to investors, and was not able to rely on its already-obtained, small applicant COR.

4. "Relatedness": Section 2(1)

A new equity-relatedness standard has been developed that will key off the total equity of the firm rather than voting shares only. Thus, Company A, owning 50.1 per cent of the total equity of Company B, is equity-related to it, even if A might own only 40 per cent of the voting shares of B. Conversely, if A owned 70 per cent of the voting shares, but only 35 per cent of the total equity, it would not be equity-related under the new rules. A separate COCD Interpretation Bulletin detailing this change will be issued shortly.

5. COR Transactions after a Firm's Determination Day (D-Day): Section 20(4)

If a large block in an applicant is acquired by a high-COR person after determination date (i.e. D-Day), but before the applicant files in substantial compliance, the COR of that new owner can be used by the applicant in calculating its own COR. This is intended to allow applicants or investors who wish to increase their COR after choosing a D-Day, but before the application is filed, to do so without having to choose a new D-Day. As such, the provision provides an adjustment to the rules that is designed to facilitate the sale of large block shares from low COR to high COR investors, whenever possible, in order to increase the overall COR of the applicant.

6. "Street Shares" (i.e. Registered in the Names of Nominees but not Located): Section 21(1)

Nominees such as banks, trust companies and investment dealers can rely on their records of account and do not have to conduct a physical inventory of share certificates.

7. Changes to Certain Provisions Dealing with Family Trusts: Sections 43 and 44

A new provision, section 43, reduces the calculations associated with the measurement of the COR of a trust where each beneficiary has a COR of 100 per cent.

Two types of grandfather provisions have been added for trusts created before March 10, 1982: one provision modifies the normal measurement procedure by providing that discretionary powers respecting the income or capital of the trust may be ignored in calculating the COR; the other grandfather clause is more far reaching, and provides that, in specified circumstances, the COR of a trust may be determined with reference to some beneficiaries, to the exclusion of others.

A separate COCD Interpretation Bulletin, providing more details on these changes, will be issued soon. In the interim, applicants wanting further details can contact:

Daphne Fry
COCD Policy, Rulings and Special Cases
Petroleum Incentives Administration
Energy, Mines and Resources Canada
580 Booth Street
Ottawa, Ontario
K1A 0E4
(613) 996-4444

8. <u>Transitional Provisions for Year One: Sections 11(1) and 11(2)</u>

The following highlight transitional provisions which apply to applications filed before September 1, 1983:

(i) In calculating its COR, any investor owning a large block in an applicant need only "look through" nominees holding five per cent or more of its (i.e. the investor's) formal equity and, after revising its ownership records to reflect the holdings behind these nominees, need only contact beneficial shareholders owning five per cent or more of its formal equity. The investor may simply rely on the address of record in his share register for shareholders and nominees holding less than five per cent.

(ii) In calculating their CORs, investors owning intermediate blocks in an applicant may simply rely on the address of record in their share registers.

(iii) Any nominee account separately and distinctly identified (e.g. by number) can be considered as separate, and need not be considered for aggregation with any other holdings by the same nominee.

(iv) Convertible securities now may be considered as formal equity if they were within a 20 per cent conversion premium of market price when issued, even if they are not currently within that range.

9. Additional information to guide actual and potential applicants is to be provided in a Canadian Ownership and Control Determination information kit to be released later. In the meantime, technical assistance regarding the COCD application process can be obtained by writing or calling:

Chris Paulin
Coordinator,
COCD Operations Branch
Petroleum Incentives Administration
Energy, Mines and Resources Canada
580 Booth Street
Ottawa, Ontario
K1A 0E4
(613) 996-4444

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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/15
February 7, 1983

CONFERENCE TO EXAMINE FUTURE OF MINERAL INDUSTRY

OTTAWA — More than 250 delegates and observers are expected to attend the first Canadian Mineral Outlook Conference to be held here May 17-18 to examine the state and future of the mineral industry.

Mines Minister Judy Erola, sponsor of the conference, said it is of the utmost importance that an industry so vital to Canada have a national forum in which it can study itself first hand. She said the conference will include representation from the federal and provincial governments as well as the various organizations and associations composing the mineral industry.

The conference will spend the first day examining the general economic outlook affecting the industry. This will include mineral policies, investment, taxation, resource base strategy, research and development and the impact on communities of changes in the industry. Many of the major minerals mined or smelted in Canada, including copper, nickel, lead, zinc, aluminum, gold, iron ore, asbestos and potash will also be examined.

The second day will bring discussion of international developments in minerals and the economic outlook as it could affect Canada.

"We must know where we are going and where it is possible for us to go," Erola said. "We know pretty well where we have just been and I think we should take every opportunity to learn from the recent downturn that has so affected the mineral industries." She said she hopes to make the Mineral Outlook Conference an annual event.

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For further information: H.C. Armstrong
(613) 995-9466 ext. 267

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/16
February 8, 1983

FIRST EARTH IMAGES RECORDED FROM NEW SATELLITE SCANNER

The science of remote sensing took a major step forward this week, when the first image data recorded in Canada from a new instrument aboard LANDSAT-4, the latest U.S. remote-sensing satellite, became available.

Processing of the first scenes from data provided by the new scanner and recorded by Canada's Prince Albert Satellite Station in Saskatchewan was announced today by Mines Minister Judy Erola. A simultaneous announcement was made in the United States by the U.S. National Aeronautics and Space Administration (NASA).

Under an agreement between the two countries, the Canada Centre for Remote Sensing (CCRS), a branch of the Department of Energy, Mines and Resources, will receive data from LANDSAT-4 and distribute the resulting imagery to various Canadian resource agencies.

Remote sensing is a valuable tool in resource management; CCRS has been receiving, processing and distributing satellite imagery to Canadian resource managers since 1972, when the first LANDSAT was launched.

LANDSAT-4, launched last July, carries two new scanning instruments which provide colour images of the earth. Data from the Multispectral Scanner (MSS), a four-band, 80-metre resolution instrument, will soon be available to Canadian users through CCRS.

The new satellite also carries an advanced scanner, the Thematic Mapper (TM). This instrument has better resolution – 30 metres – for monitoring surface conditions, such as crop diseases and water pollution, than the MSS. It also gathers data from seven rather than four spectral (colour) bands.

The Thematic Mapper is being operated in an experimental mode during 1983 to enable scientists in the United States, Canada and throughout the world to evaluate the data and develop processing methods that will make the imagery most useful for resource managers.

- more -

During this experimental phase, data from the Thematic Mapper for western North America are being recorded by the CCRS Prince Albert Satellite Station, while the eastern data are acquired by NASA's Goddard Space Flight Center, Greenbelt, Maryland. The first TM data recorded at Prince Albert and processed by NASA are of southeastern Alberta in Canada, and Death Valley in the United States.

NASA is providing limited quantities of processed Thematic Mapper data to participants in the LANDSAT-4 image data quality assessment program, and selected Canadian scenes are available to Canadian scientists for evaluation purposes from CCRS. The TM data will be widely available by May 1984.

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For further information, contact: Dr. Murray Strome
Canada Centre for Remote Sensing
(613) 993-0121

Government of Canada Gouvernement du Canada

83/17

news release

Date February 11, 1983

For release Immediately

EXPLORATION AGREEMENTS ANNOUNCED

St. John's – The Honourable William Rompkey, Minister of State for Small Business and Tourism, on behalf of the Honourable Jean Chrétien, Minister of Energy, Mines and Resources, today announced that six exploration agreements calling for the investment of about $260 million in work offshore on the Grand Banks-Labrador Shelf have been concluded with B.P. Exploration Canada Ltd. and partners.

The six agreements, four of which are effective over four-year terms and two over five-year terms, cover 5.3 million hectares and require the drilling of six wells.

Partners in the agreements are B.P. Exploration Canada, Columbia Development of Canada Ltd., Petro-Canada Exploration, Chevron Canada Ltd. and Gulf Canada Resources Ltd.

In Canada Benefit Plans submitted in connection with the agreements, B.P. Exploration Canada has said that Canadians will gain significant job opportunities and industrial benefits from the consortium's offshore activities.

The plans anticipate an average of 51 per cent Canadian content with total Canadian expenditures of $132 million. Peak employment will reach 450 positions, of which more than half will be Newfoundlanders.

Mr. Rompkey also noted that B.P. Exploration Canada has agreed to take steps to recruit women and native people into its offshore development program.

During the term of the agreements, which are back-dated to March 5, 1982, half of the land involved will be relinquished to the Crown.

According to Mr. Rompkey, "the signing of the exploration agreement demonstrates that the Federal Government is committed to moving ahead with exploration and development of the offshore despite the fact that the provincial government broke off negotiations for a settlement of the offshore issue two weeks ago."

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For further information contact: Maurice Taschereau
Administrator, COGLA
(613) 993-3760

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/21
February 23, 1983

GOVERNMENT APPROVES NEW GAS EXPORTS

OTTAWA – Energy Minister Jean Chrétien announced today that the Government has accepted recommendations by the National Energy Board to export additional supplies of natural gas to the United States and Japan.

"The new export volumes that we are approving today will bring significant, long-range benefits to all Canadians," Mr. Chrétien said. "Not only will the new exports provide thousands of new jobs in the construction of gas production facilities and pipelines, but they will give a shot-in-the-arm to the Canadian gas industry."

The NEB announced last month that it had recommended to Governor in Council the export of an additional 12.2 exajoules (11.5 trillion cubic feet) of western Canadian natural gas, mainly over the 10-year period 1985-1994.

The authorizations, which required the approval of the Government, also included the granting of a licence to Dome Petroleum Ltd. to ship 2.4 exajoules of liquefied natural gas (LNG) to Japan from 1986 to 2001. This marks the first time in Canada's 30-year gas exporting history that natural gas will be sold to a country other than the United States.

The Government last approved exports of natural gas in November 1979, when licences for 4.1 exajoules were issued. The new licences of 12.2 exajoules are in addition to the 12 exajoules remaining to be exported under the current licences.

The NEB estimated last month that the new exports could contribute about $70 billion (1982 dollars) to Canada's balance of payments over the life of the exports. Net economic benefits will be close to $17 billion in 1982 dollars. The Canadian economy will benefit in the form of construction, employment, incomes, cash flow to the industry, and revenues to the federal government and the governments of producing provinces.

"However, I think we should all be realistic about the immediate term prospects for the Canadian gas industry," Mr. Chrétien added.

- more -

"Due to the effects of the international oil glut, the recession, and energy conservation in the United States, the export market is weak at the moment. As a result, our gas exporters are having some difficulty maintaining their export sales to that country."

Mr. Chrétien said he is well aware of the criticisms directed at Canada's export price for natural gas. He pointed out, however, that the export price – currentl set at $(U.S.) 4.60 GJ – has remained unchanged since April 1981.

"With Canada supplying only four per cent of the U.S. gas market, our ability to help the Americans with their pricing problem is limited," the Minister said. "Canada has been a reliable supplier of gas for the past 30 years and will continue to be in future. I would hope that our American buyers will keep this in mind. I do not think it is helpful, in finding sensible solutions to this complex problem, to blame Canada for the rapidly increasing price of gas in the U.S."

The Minister said he is working closely with the producing provinces and the gas industry to explore avenues for responding to American concerns.

He said another major reality to be faced is the rising cost of gas transporta He noted that he is waiting for the report of the Special Task Force on Pipeline Construction Costs, which he appointed last December. The report is due in June.

"We want to ensure that the rate of increase in construction costs is not such as to boost costs to the consumer and reduce netbacks to producers," Mr. Chré said. "The gas industry has been most co-operative in the work of the Task Force and I trust that, working together, we can come up with innovative ways to reduce future construction costs."

Mr. Chrétien said he also supported the concern expressed by the NEB for the need to maximize the use of existing pipeline facilities in Canada. He added that he would be watching with interest the Board's review of how the cost of shipping new exports on TransCanada PipeLines system is allocated.

\- 30 -

For further information, please contact:

Max Feldman
Director
Gas Exports and Gas Liquids
Natural Gas Branch
Energy, Mines and Resources Canada
(613) 995-2500

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/22

February 24, 1983
Immediately

PETROLEUM MONITORING MANDATE CONFIRMED

Energy Minister Jean Chrétien today announced the proclamation of the Energy Monitoring Act. This new legislation confirms the federal government's mandate embodied in previous Acts to obtain information on the operations of large petroleum corporations in Canada.

The new Energy Monitoring Act and its related regulations require large petroleum corporations to file information on their activities and financial performance, and increases the minimum assets threshold (established in earlier legislation) for companies reporting from $5 million to $10 million.

The new Act also provides for the continuation of the Petroleum Monitoring Agency (PMA), which was established in August 1980. All data collected by the Agency will continue to be treated in strictest confidence.

"Only larger companies are required to report under this new legislation," Mr. Chrétien said. "It will also reduce the administrative burden on reporting companies, since much of the data required will be obtained from Statistics Canada."

The statistics collected under the Energy Monitoring Act will continue to be published in semi-annual PMA reports. These reports provide governments, industry, taxpayers and consumers with comprehensive and timely information on the activities and financial performance of the petroleum industry in Canada.

The Energy Monitoring Act replaces the Petroleum Corporations Monitoring Act, the previous legislative authority under which corporations were required to report on their activities.

- 30 -

For further information contact:

Paul Manders
Director
Petroleum Monitoring Agency
Energy, Mines and Resources Canada
(613) 996-4444

Canada

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/25
February 25, 1983

CHRÉTIEN CRITICAL OF NEWFOUNDLAND DECISION

OTTAWA — Energy Minister Jean Chrétien today urged the Government of Newfoundland to stop mixing safety concerns with politics.

"The provincial government is trying to obtain under the guise of a safety precaution what it could not achieve in the Newfoundland Court of Appeal — jurisdiction over offshore resources," Mr. Chrétien said.

The Minister made public an exchange of telexes with William Marshall, Newfoundland's Minister Responsible for Energy, concerning Newfoundland's order that Mobil withdraw its drilling rigs. He also released detailed information on safety measures implemented in the last year by the federal government.

"Mobil must make decisions on rig operations offshore Newfoundland on the basis of safety considerations," he said. "As long as they can satisfy us on this account, the company should not be harassed by one side of a jurisdictional dispute."

"This latest move is highly questionable in that context — more so because the issue is currently being heard by the Supreme Court of Canada."

"The Province has abandoned the usual practice of discussing safety concerns with the federal government, to the point that the chief engineer for the Canada Oil and Gas Lands Administration was in St. John's Wednesday to continue a technical dialogue with the Newfoundland Petroleum Directorate and was not even told of Mr. Marshall's plans to try, that very day, to have the rigs withdrawn."

"The reasons given for the provincial decision have all been under discussion for some time and are poor excuses for this latest example of provincial grandstanding. There has been no recent change to weather or ice conditions that would pose a new threat to safety. The Shoe Cove weather station is obviously a political red herring, and there is no need for Mobil to shut down its operation so the provincial government can review its drilling guidelines or debate search and rescue facilities."

- more -

"Mr. Marshall knows very well, as events last week demonstrated, that when conditions warrant, neither we nor the company hesitate to act."

"This is clearly a provincial attempt to assert authority over a matter on which it has refused to negotiate, despite the willingness of the Government of Canada to reach a federal-provincial offshore oil and gas management and revenue-sharing agreement."

"It's a purely political move, designed to disrupt a drilling program crucial to Canada's energy future and the economic health of the people of Newfoundland."

The Sedco 706 and the West Venture are both about 330 kilometres east of St. John's, and the Zapata Ugland is still in port for a re-fit.

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Attachments: Telex from William Marshall
Telex to William Marshall
Summary of Safety Measures

For further information, contact:

Carole Pressault
Executive Assistant to the Minister
(613) 593-5252

TELEX

PREMIER SNF
HON. JEAN CHRÉTIEN
MINISTER OF ENERGY, MINES AND RESOURCE
OTTAWA

THE FOLLOWING IS THE TEXT OF A TELEX I HAVE TODAY FORWARDED TO MR. WILLIAM MASON OF MOBIL CORP OF CANADA WHICH SPEAKS FOR ITSELF.

QUOTE

"MR. WILLIAM MASON
MOBIL OIL
TORONTO

I AM DIRECTED TO ADVISE YOU PURSUANT TO THE CONCURRENCE OF MY COLLEAGUES IN CABINET THE FOLLOWING ORDER HAS BEEN EXECUTED BY ME:

"PURSUANT TO THE AUTHORITY VESTED IN ME UNDER SECTION 106 OF THE NEWFOUNDLAND AND LABRADOR PETROLEUM REGULATIONS' 1977, I HEREBY ORDER YOU TO HALT ALL DRILLING OPERATIONS TEMPORARILY EFFECTIVE IMMEDIATELY UNTIL SUCH TIME AS YOU ARE OTHERWISE ADVISED BY ME.

WILLIAM W. MARSHALL
MINISTER RESPONSIBLE FOR ENERGY."

IT IS MY PRESENT INTENTION NOT TO PERMIT DRILLING UNTIL THE PRESENT HEAVY ICE CONDITIONS SUBSIDE AND UNTIL:

(1) WE ARE SATISFIED THERE IS SUFFICENT SEARCH AND RESCUE PRESENCE IN ST. JOHN'S WITH ADEQUATE AIR CRAFT AND EQUIPMENT TO RESPOND TO THE FULLEST EXTENT TO ANY EMERGENCY;

(2) QUESTIONS RELATING TO THE DECREASED SECURITY TO OFFSHORE OPERATIONS BY CLOSURE OF THE SHOE COVE STATION HAVE BEEN RESOLVED; AND

(3) WE HAVE HAD AN OPPORTUNITY TO REVIEW FULLY THE EFFECTIVENESS OF GUIDELINES SET DOWN FOR WINTER DRILLING ON NOVEMBER 5, 1982, IN RELATION TO ANTICIPATED ICE CONDITIONS FOR THIS YEAR.

AS YOU ARE AWARE THIS POSITION IS TAKEN AS A RESULT OF EXPERIENCE DURING THE INTENSIVE WEATHER CONDITIONS OF LAST WEEK PARTICULARLY ON FEBRUARY 16TH AND 17TH LAST.

SO THAT YOU WILL FULLY UNDERSTAND THE INTENT OF THIS ORDER IT IS ESSENTIAL THAT IMMEDIATE STEPS BE TAKEN TO BRING THE RIGS TO PORT AT THE EARLIEST POSSIBLE OPPORTUNITY.

WILLIAM W. MARSHALL
MINISTER RESPONSIBLE FOR ENERGY

FEBRUARY 23, 1983.

TELEX

FEBRUARY 24, 1983

HON. WILLIAM W. MARSHALL
MINISTER RESPONSIBLE FOR ENERGY

WITH RESPECT TO YOUR TELEX OF LAST EVENING, I AM DISMAYED AT THE HIGH-HANDED UNILATERAL INSTRUCTIONS WHICH YOU HAVE ATTEMPTED TO ISSUE TO MOBIL WITH RESPECT TO ITS OPERATIONS OFFSHORE NEWFOUNDLAND. AS YOU KNOW, IN SPITE OF THE JURISDICTIONAL DISPUTE BETWEEN THE TWO GOVERNMENTS, OUR TECHNICAL EXPERTS HAVE ALWAYS WORKED IN CLOSE COLLABORATION TO ENSURE THAT INSTRUCTIONS TO OFFSHORE OPERATORS WITH RESPECT TO SAFETY AND OTHER OPERATIONAL MATTERS ARE CLEAR AND CONSISTENT, IN ORDER TO MAINTAIN THE HIGHEST POSSIBLE LEVEL OF SAFETY FOR THESE OPERATIONS AT ALL TIMES. YOUR LATEST ACTIONS, TAKEN WITH NO CONSULTATION OR ADVANCE WARNING DESPITE THE PRESENCE IN THE NEWFOUNDLAND PETROLEUM DIRECTORATE OFFICE YESTERDAY AFTERNOON OF THE HEAD OF COGLA'S ENGINEERING BRANCH WHICH IS RESPONSIBLE FOR THESE MATTERS, DEPARTS SUBSTANTIALLY FROM PAST PRACTICE. IT DEMONSTRATES CLEARLY THAT NOT THE SAFETY OF RIG WORKERS BUT RATHER POLITICAL EXPEDIENCY HAS INSPIRED YOUR ACTION. NO DOUBT RELEVANT IS THE NEWFOUNDLAND COURT OF APPEAL'S RECENT OPINION ON THE PROVINCE'S REFERENCE, INDICATING THAT THE PROVINCIAL GOVERNMENT HAS NO LEGAL BASIS FOR THE KIND OF INSTRUCTION WHICH YOU ATTEMPTED TO ISSUE YESTERDAY, FOR OPERATIONS IN THE AREA WHERE THE MOBIL DRILLING OPERATIONS ARE LOCATED.

THE BASIS WHICH YOU ALLEGE FOR YOUR ACTIONS INVOLVES MATTERS UPON WHICH THERE HAS TO DATE BEEN EXTENSIVE FEDERAL-NEWFOUNDLAND DISCUSSION AND CONSULTATION. THE FEDERAL SIDE HAS BEEN VERY FORTHCOMING IN PROVIDING ALL OF THE INFORMATION AVAILABLE TO IT SO AS TO ENSURE THAT THE BEST SOLUTIONS ARE FOUND. I DEEPLY REGRET THAT YOU HAVE ABANDONED THE CONSULTATIVE APPROACH AND ARE NOW ATTEMPTING TO IMPOSE YOUR UNILATERAL SOLUTIONS.

WITH RESPECT TO CURRENT ICE CONDITIONS IN THE AREA WHERE THE RIGS ARE WORKING, YOU ARE FULLY AWARE OF THE DAILY MONITORING CARRIED OUT THROUGH THE FEDERAL ATMOSPHERIC ENVIRONMENT SERVICE (AES) AND OF COGLA'S DAILY CONTACT WITH OFFSHORE OPERATORS TO ENSURE THAT OFFSHORE ACTIVITIES CAN PROCEED IN SAFETY. IN THIS REGARD, FEDERAL REGULATORS WORKED CLOSELY WITH MOBIL LAST WEEK WHEN DRILLING OPERATIONS WERE SUSPENDED AND ONE RIG MOVED OFF LOCATION AS A RESULT OF CONDITIONS AT THAT TIME. SINCE THEN, WITH IMPROVEMENT OF WEATHER AND ICE CONDITIONS, ON THE BASIS OF AES AND MOBIL INFORMATION FEDERAL REGULATORS ARE SATISFIED THAT DRILLING CAN AGAIN PROCEED SAFELY AND HAVE BEEN IN FREQUENT CONTACT WITH MOBIL AS ITS DRILL RIGS RESUME THEIR ACTIVITIES.

IN YOUR TELEX YOU REFER TO SEARCH AND RESCUE CAPABILITIES. YOU ARE FULLY AWARE OF THE CONSIDERATIONS WHICH HAVE MOTIVATED THE PROVISION OF FACILITIES TO BEST MEET THE NEEDS OF ALL THOSE WHO DEPEND ON FEDERAL GOVERNMENT SEARCH AND RESCUE IN CANADIAN WATERS. WE BELIEVE THAT CURRENT ARRANGEMENTS ARE SATISFACTORY FOR OFFSHORE DRILLING OPERATIONS, AND WORK IN CLOSE AND CONTINUING COOPERATION WITH THE DEPARTMENT OF NATIONAL DEFENCE AND OTHERS TO ENSURE THAT THIS REMAINS THE CASE. SIMILARLY, YOUR REFERENCE TO THE SHOE COVE SATELLITE RECEIVING STATION IS GRATUITOUS IN THESE CIRCUMSTANCES. THE RATIONALIZATION OF CANADIAN FACILITIES WHICH HAS TAKEN PLACE, INCLUDING THE CLOSING OF FACILITIES AT SHOE COVE, IN NO WAY REDUCES THE SAFETY OF OFFSHORE OPERATIONS WHICH CAN RELY ON THE MODERN NATIONAL NETWORK OF SERVICES PROVIDED BY THE FEDERAL ATMOSPHERIC ENVIRONMENT SERVICE SATELLITE RECEIVING FACILITIES.

FINALLY, WITH RESPECT TO WINTER DRILLING GUIDELINES ISSUED BY THE NEWFOUNDLAND PETROLEUM DIRECTORATE LAST NOVEMBER, YOU KNOW THAT FEDERAL AND PROVINCIAL OFFICIALS CONSULTED ON THESE MATTERS IN ADVANCE AND WERE IN SUBSTANTIAL AGREEMENT. I AM WILLING TO INSTRUCT MY OFFICIALS TO REPEAT THIS REVIEW WITH YOUR OFFICIALS,

DESPITE MY DOUBTS ABOUT THE BONA FIDES OF YOUR POSITION ON THIS SUBJECT. MY DOUBTS ARISE FROM THE FACT THAT ALTHOUGH OUR OFFICIALS HAVE BEEN IN CONSTANT INFORMAL TOUCH ON THESE MATTERS, ADVANTAGE WAS NOT TAKEN OF THE OPPORTUNITY PROVIDED BY YESTERDAY'S MEETING AT THE PETROLEUM DIRECTORATE TO RAISE ANY NEW NEWFOUNDLAND CONCERNS. AT ANY RATE, THERE IS NO REASON THAT FURTHER REVIEW SHOULD NECESSITATE SUSPENSION OF MOBIL'S OPERATIONS AT THIS TIME, WHICH I UNDERSTAND ARE NOW PROCEEDING IN A MANNER CONSISTENT WITH FEDERAL SAFETY STANDARDS.

I AM SENDING A COPY OF THIS TELEX TO THE PRESIDENT OF MOBIL CANADA, INDICATING THAT ON THE BASIS OF SURVEILLANCE INFORMATION, UPDATED AS OF TODAY'S DATE, FEDERAL EXPERTS AGREE WITH MOBIL'S EXPERTS, THAT DRILLING OFFSHORE NEWFOUNDLAND CAN PROCEED. I AM ALSO INDICATING TO MOBIL THAT I WOULD HAVE GREAT DIFFICULTY ACCEPTING AND WOULD OPPOSE ITS TAKING UNILATERAL INSTRUCTION FROM THE NEWFOUNDLAND GOVERNMENT.

JEAN CHRÉTIEN
MINISTER OF ENERGY, MINES AND RESOURCES

MEASURES TAKEN IN RESPONSE TO THE OCEAN RANGER SINKING

1. A Preliminary Investigation was conducted into the circumstances of the OCEAN RANGER disaster pursuant to the Canada Oil and Gas Drilling Regulations (Section 96). The investigation was chaired by the Canada Oil and Gas Lands Administration (COGLA), which, in conjunction with the Canadian Coast Guard (CCG), the RCMP, the Newfoundland Petroleum Directorate (NPD), the U.S. National Transportation Safety Board (NTSB), the U.S. Coast Guard (USCG), Mobil Oil Canada and ODECO, carried out a series of interviews with witnesses.

   Interviews with thirty-five (35) experts and other witnesses, including oil company, drilling contractor and other offshore industry personnel, began on February 17, 1982, and concluded on March 30, 1982. Audio tape recordings and transcripts were forwarded to the (Hickman) Royal Commission on the OCEAN RANGER Marine Disaster and to other attendees. The COGLA investigation was suspended after the appointment of the joint federal/provincial Royal Commission.

2. A Preliminary Inquiry and, subsequently, a Formal Investigation, were initiated under the Canada Shipping Act (Sections 545 and 548, respectively) by the Canadian Coast Guard (CCG). Both inquiries were suspended upon the appointment of the joint Hickman inquiry.

3. Joint Commission of Inquiry, chaired by T. Alexander Hickman, was announced February 25, 1982.

4. Following a meeting with the Minister of EMR, Mobil, the operator of the OCEAN RANGER and of the two other semi-submersible units working in the Grand Banks (ZAPATA UGLAND and SEDCO 706), recalled these two units for re-inspection in Marystown, Newfoundland.

The inspection was headed by COGLA, with the participation of: CCG, the American Bureau of Shipping (ABS) (the organization that had classed the OCEAN RANGER); and NPD, which had contracted with Lloyds (the international classification group) to conduct the inspection on its behalf. As a result of this process, new requirements were issued to east coast operators concerning:

i) command of the drilling vessels;

ii) operation of the ballasting system and maintenance of trim;

iii) capacity of immersion suits, which was to be increased from 100 per cent of complement to 200 per cent; the extra suits were to be available at suitable emergency stations;

iv) lifeboat capacity of 100 per cent of complement to be placed on each of two separate sides of the vessel.

5. A consulting engineer (E. Siddall, P. Eng) was retained by COGLA to review the ballast control systems in semi-submersibles working on the east coast offshore. The Siddall report was forwarded to operators and drilling companies, and led them to develop special training courses for ballast control operators and to institute improvements on unit control systems.

6. An ocean science and engineering consulting firm, Martec Limited, was retained in August, 1982, to conduct a thorough and extensive evaluation of emergency equipment and sea rescue techniques. The object of the study, which is expected to be completed in March, 1983, is to examine previous disasters and establish the linkages between personnel survival and environmental conditions. It will also review the availability of rescue and survival equipment and systems required for the conditions prevailing in Canadian offshore waters.

The study constitutes the first step in a systematic research and development effort aimed at creating standards for equipment, training, procedures and techniques in the area. The report will be made available to the Hickman inquiry upon completion.

7. Ongoing research and evaluation is being conducted in collaboration with industry on:

    i) survival suits;

    ii) location and disposition of lifeboats on board drilling units;

    iii) evaluation of programs of offshore survival training schools;

    iv) training requirements of rig medical officers.

8. A review of winter operations on the Grand Banks, conducted in concert with the NPD and operators, resulted in the following requirements:

    i) improved alert and evacuation procedures;

    ii) improved communication between drilling unit, shore base and support craft;

    iii) the installation of a rescue boat on each standby vessel, complete with cranes for recovery and launching;

    iv) improved radar facilities for iceberg detection on drilling units.

9. Two Norwegian naval architects, T. Haavie and K. Haslum, who are specialists in semi-submersible design, were engaged by COGLA to initiate a review of design requirements for semi-submersible rigs operating on the East Coast. They will compare physical and environmental conditions in the Grand Banks and North Sea areas, and provide expert advice to the federal government during the Royal Commission hearings.

10. Following discussions with government, an Industry Task Force, comprised of the East Coast Petroleum Operators Association and the Arctic Petroleum Operators Association, was established to make recommendations on: improvements in the areas of regulations, safety and life-saving equipment; marine emergency training; offshore safety programs; emergency procedures and contingency plans; and standby-rescue vessel and helicopter support.

11. A training program was established at St. John's, Newfoundland for at-sea survival in the event of helicopter ditching.

12. Industry has, at its own initiative, been actively examining and implementing means of improving the inspection and safety of its operations.

13. As an example of the above, Mobil Oil, established an internal task force to make recommendations aimed at maximizing safety in the company's winter drilling program. The task force's work resulted in action being taken to improve safety in many areas, including:

    i) rescue equipment available in standby vessels;

    ii) lifeboats and lifeboat launching systems;

    iii) search and rescue capability in operating area;

    iv) survival training;

    v) ballast systems and training;

    vi) shut-down criteria and contingency plans.

14. In September 1982, operators were requested to report, on a weekly basis, their daily calculations on rig ballasting and loading to COGLA.

15. In response to the Hickman inquiry, COGLA has actively participated in the federal government actions, including:

    i) providing testimony on COGLA policy and procedures;

    ii) assisting the federal government counsel during daily sittings of the inquiry by providing timely technical advice and logistical support;

    iii) providing technical advice to the staff of the Royal Commission on Evidence, Proposed Testing Programs and Analyses.

16. Since February, 1982, COGLA has monitored the progress of the inquiries carried out by NTSB and the U.S. Coast Guard.

Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

COMMUNIQUE

83/26
March 1, 1983

AMENDMENTS TO NATIONAL ENERGY BOARD ACT PROCLAIMED

OTTAWA – Energy Minister Jean Chrétien announced that Bill C-60, an Act to Amend the National Energy Board Act, has been proclaimed today, March 1, 1983. The amended legislation contains new measures designed to protect the rights of landowners affected by the construction of pipelines across Canada and power lines under federal jurisdiction.

Under the amendments, new expropriation procedures give landowners the right to local public hearings before their land can be expropriated. The legislation also provides new procedures of negotiation and arbitration to settle questions of compensation arising between companies and landowners.

"The amendments approved in Bill C-60 are intended to establish clearly the rights of landowners and those of the companies," Mr. Chrétien said.

Previously, when parties failed to reach an agreement on lands required for a pipeline, expropriation followed under provisions of the Railway Act of 1919, and the settlement of compensation was referred to a Superior or County Court.

The new legislation will affect the procedures which apply once it has been determined that the facility is required by public convenience and necessity. More specifically, the legislation requires that companies provide landowners with a detailed description of the proposed route of the new facility before the right of way is approved by the NEB.

In addition, the companies must also provide landowners with a description of the procedures that will be followed in determining finally the detailed route and of their rights with respect to land acquisition and compensation.

The new procedures require, among other things, that the NEB hold local public hearings if a conflict arises between a landowner and a company on the proposed right of way. The NEB will determine the route, and, if necessary, grant rights of expropriation. The company will be required to pay all reasonable costs incurred by the landowner in the defence of his rights.

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In terms of compensation to the landowner, the new legislation enables the company or the landowner to apply to the Minister of Energy, Mines and Resources, requesting negotiation or arbitration where the parties have not reached an agreement on the amount of compensation payable for the acquisition of lands or for damages resulting from the company's operations.

- 30 -

For further information, please contact:

Susan Vorner Kirby
Pipeline Arbitrations Secretariat
Energy, Mines and Resources Canada
(613) 995-9313

or

Ann Sicotte
National Energy Board
(613) 996-9870

Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

COMMUNIQUE

83/27
March 3, 1983

RALPH L. GILLEN APPOINTED CHAIRMAN OF THE PETROLEUM MONITORING AGENCY

OTTAWA – Energy Minister Jean Chrétien today announced the appointment of Ralph L. Gillen as chairman of the Petroleum Monitoring Agency.

Mr. Gillen, an experienced businessman who has served as President and Chief Executive Officer of the Canadian Commercial Corporation since 1978, replaces Harold Renouf.

"I'm extremely pleased to announce the appointment of Mr. Gillen to the chairmanship of the Petroleum Monitoring Agency," the Minister said. "He brings a wealth of business and government experience to a most important job."

In his new role as Chairman of the PMA, Mr. Gillen will be responsible for the agency's monitoring of Canada's oil and gas industry. The agency's mandate is to examine the industry's performance on a number of fronts including costs, profits, exploration, production, use of resources and the level of Canadian ownership and control.

Born in New York City, Mr. Gillen, 54, is a graduate in economics from Queens College in New York and holds a masters degree in international affairs from the Fletcher School of Law and Diplomacy, administered by Tufts University and Harvard. He also studied at the University of Liverpool in England.

After a lengthy career in financial analysis and as a partner in an international management consulting firm, Mr. Gillen became a senior officer with MacMillan Bloedel Limited in Vancouver in 1969 and later served as chairman of the Insurance Corporation of British Columbia, Canada's largest auto insurer. He became a Canadian citizen in 1975.

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Canada

Mr. Chrétien paid tribute to Mr. Renouf, who served a two-year period as the PMA's first chairman. Previously, he was Chairman of the Government's Anti-Inflation Board and the National Commission on Inflation. He is now Chairman of VIA Rail.

"In each of his roles with the Government of Canada, Mr. Renouf has served his country in a thoroughly professional and competent way," Mr. Chrétien said.

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For further information, please contact:

Paul Manders
Director
Petroleum Monitoring Agency
Energy, Mines and Resources Canada
(613) 996-4444

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/30
March 28, 1983

CANADIAN OWNERSHIP AND CONTROL LIST AVAILABLE

Energy Minister Jean Chrétien announced today that a list containing the names, Canadian ownership rates and control status of persons who have received certificates under the Canadian Ownership and Control Status Determination Program is now available to the public upon request.

The Canadian Ownership and Control Determination Act, passed by Parliament on June 30, 1982, and proclaimed on September 1, provides for the Minister to make such information available to the public.

"This list, which will be updated regularly, should be a valuable aid to the petroleum industry and the investment community in putting together oil and gas exploration ventures that will qualify for payments under the Petroleum Incentives Program," Mr. Chrétien said.

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The list can be obtained by writing to:

The Petroleum Incentives Administration,
Secretariat,
580 Booth Street,
Ottawa, Ontario.
K1A 0E4.
Attention: Irenka Farmilo.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/31
March 23, 1983

CANADA – QUÉBEC AGREEMENT FOR FINANCING ENERGY AUDITS

OTTAWA – The Honourable Jean Chrétien, Minister of Energy, Mines and Resources, Canada, and the Honourable Yves Duhaime, Minister of Energy and Resources, Québec, announced today the signing of a Canada – Québec Agreement to fund the National Energy Audit Program (NEAP) in Québec, also known as Enersave for Industry and Commerce.

Funded on an 80/20 cost-shared basis, Canada will contribute 8.24 million dollars and Québec will contribute 2.06 million dollars. The Agreement, which terminates on March 31, 1984, will be directed by a joint federal/provincial Management Committee. The Program will be administered, promoted and delivered by Québec.

The Agreement extends and expands the National Energy Bus Program which has been operating in Québec since 1978 under a previous Federal/Provincial agreement. More than 700 energy audits have been completed, identifying on average 19 per cent energy savings per audit. This represents more than 31 million dollars in savings to industry and commerce. Past experience indicates that the new program represents an excellent means of improving the productivity of Québec enterprises by way of increased energy efficiency, while concurrently developing technical expertise in the area of energy conservation in Québec-based consulting and manufacturing firms.

At the same time, the program will assist in the achievement of energy self-sufficiency for Canada and for Québec.

Analysis of energy consumption is the primary objective of the program. This service is provided by technical teams with computer-equipped Energy Buses which visit firms.

With the assistance of special computer programs, the team analyzes energy usage and identifies those areas in which conservation may be realized.

Additionally, grants are provided to assist firms which use the services of consultants to implement technical studies in those sectors, identified by the energy analysis, as offering conservation potential requiring more complex technical solutions.

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Finally, workshops and conferences are planned as part of this program. They will be directed at groups or regions with special requirements. Canada and Quebec will also promote improved energy conservation techniques in an attempt to reach a large number of firms and in order to generate a multiplier effect in the principle economic sectors.

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For further information, pleast contact:

Michel Lamanque
Energy, Mines and Resources, Canada
Montreal, Québec
(514) 283-5632

or

Robert J. Thibault
Ministère de l'Energie
et des Ressources
Montréal (Québec)
(514) 873-5463

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/32
April 6, 1983

CHEVRON AGREEMENTS ANNOUNCED

SOURIS, P.E.I. – The Honourable Bennett Campbell, Minister of Veterans Affairs, on behalf of the Honourable Jean Chrétien, Minister of Energy, Mines and Resources, today announced that agreements for oil and gas exploration work offshore Prince Edward Island have been concluded with Chevron Canada Resources Limited and partners.

The two agreements have a three-year term and call for the drilling of two wells at an estimated cost of $28 million in an area of approximately 1.3 million hectares.

In the Canada Benefits plan submitted in connection with the agreements, Chevron said that it anticipates peak employment of 189 positions, the establishment of a main operations centre at Charlottetown, P.E.I., and a supply base at Souris, P.E.I.

"I am pleased to see that there is a strong program commitment to hiring local people," Mr. Campbell said. "In fact, the supply base and catering operations will be staffed exclusively with local residents, and Maritimers will fill 20 of the 28 positions to be staffed by Canadians aboard supply ships."

Work on the first of the two wells will be completed in 1983 by a jack-up rig built in the Davie Shipyard in Quebec.

With respect to socio-economic considerations, extensive community information and consultation programs are planned.

"In addition to bringing jobs and other economic benefits to the people of Quebec and Prince Edward Island, these agreements represent part of our continuing effort to ensure that our rich offshore resources bring long-term energy security to all Canadians," Mr. Campbell said.

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During the term of the agreements, 50 per cent of the land involved will be relinquished to the Crown.

Participants in the agreements are Chevron Canada Resources Limited, Irving Oil Limited, Texaco Canada Resources Ltd. and RST Industries Ltd.

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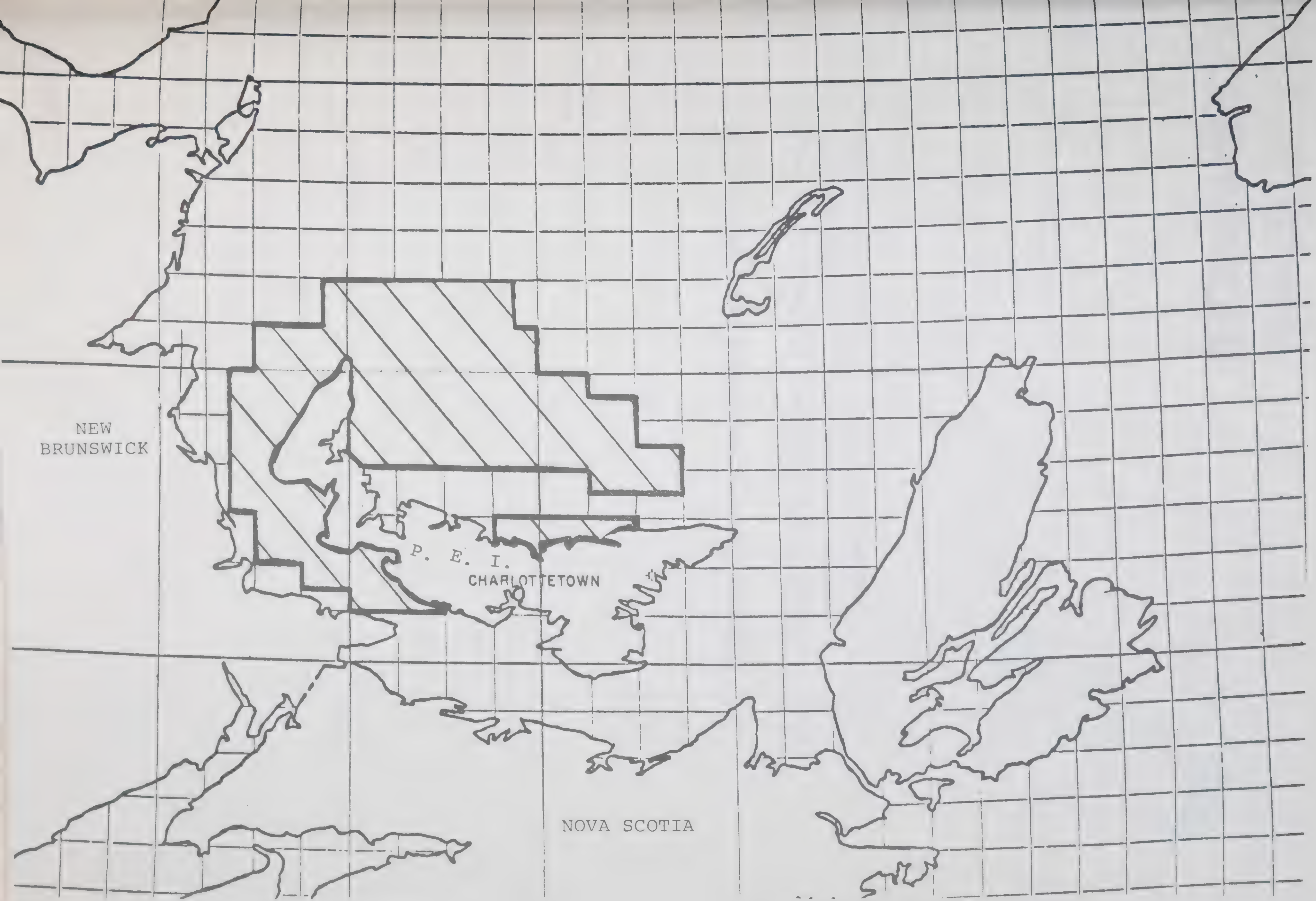
For further information, please contact: M.E. Taschereau
Administrator, COGLA
(613) 993-3760

or

Wynne Potter
COGLA Nova Scotia Office
(902) 426-8570

Attachment: Map of agreement area


NEW
BRUNSWICK
P. E. I.
CHARLOTTETOWN
NOVA SCOTIA

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

26

83/33
April 11, 1983

Attached is the text of a speech given by the Honourable Jean Chrétien, Minister of Energy, Mines and Resources to the Calgary Chamber of Commerce at 12:30 p.m., MST.

Also attached is a press backgrounder on Canadian Gas Export Pricing.

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Canada

Energy, Mines and Resources Canada   Énergie, Mines et Ressources Canada

COMMUNIQUE

/126

83/34
April 13, 1983

NEWFOUNDLAND EXPLORATION AGREEMENTS ANNOUNCED

ST. JOHN'S – The Honourable William Rompkey, Minister of State for Small Business, on behalf of the Honourable Jean Chrétien, Minister of Energy, Mines and Resources, today announced that exploration agreements involving an investment of approximately $500 million in work offshore Newfoundland/Labrador have been concluded with Petro-Canada Exploration Inc. as operator of the Labrador Group.

The ten agreements, each for a five-year term from March 5, 1982, require the eight-member consortium to drill ten wells in an area of over nine million hectares. During 1982, $108 million was spent on seismic work and on drilling activity for two of the wells.

"These agreements are particularly timely," Mr. Rompkey said. "It is imperative that the federal government move quickly to ensure that the offshore brings maximum economic benefit to the people of Newfoundland/Labrador, and long-term energy security to all Canadians despite the fact that the provincial government broke off negotiations for an offshore agreement."

In Canada Benefit plans submitted in connection with the agreements, Petro-Canada said that expenditures on Canadian-sourced goods and services are expected to total over $225 million and that employment will peak at over 1,100 jobs, with 530 positions to be filled by Newfoundlanders.

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Canada

As well, the plans call for a commitment to on-the-job and institutional training to ensure that a significant number of Canadians are employed in drilling operations.

Partners in the agreements are: Petro-Canada Exploration Inc., Gulf Canada Resources Inc., Canterra Energy Ltd., Ranchmen's Resources (1976) Ltd., Total (N.A.) Petroleum, Suncor Inc., AGIP Canada Ltd., and Amerada Minerals Corporation of Canada Ltd.

Over the term of the agreements, half of the land will be relinquished to the Crown.

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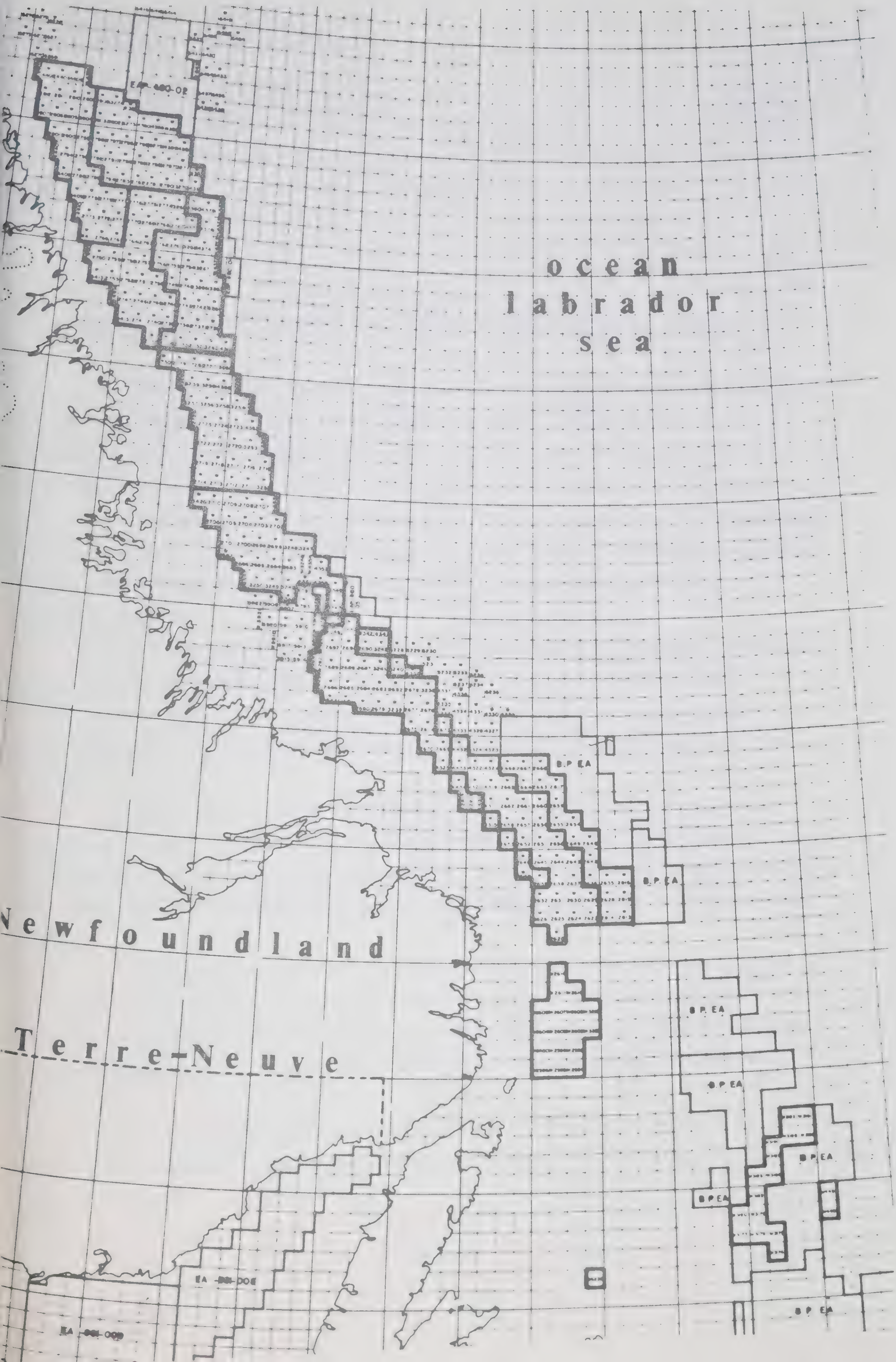
For further information, please contact:

Carole Pressault
Executive Assistant
to the Minister
Energy, Mines and
Resources Canada
(613) 593-5252

or

Maurice Taschereau
Administrator
Canada Oil and Gas Lands
Administration (COGLA)
(613) 993-3760

Attachments: Map of agreement area


ocean
labrador
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Newfoundland
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Energy, Mines and Resources Canada   Énergie, Mines et Ressources Canada

COMMUNIQUE

83/35
April 11, 1983

CANADA-BRITISH COLUMBIA SIGN ENERGY AUDIT FUNDING AGREEMENT

The Honourable Jean Chrétien, Minister of Energy, Mines and Resources, and the Honourable Brian R.D. Smith, Minister of Energy, Mines and Petroleum Resources for British Columbia, announced today the signing of a Canada-British Columbia Agreement to fund the National Energy Audit Program in British Columbia.

The program will be funded on an 80/20 cost-shared basis. The Agreement, which ends March 31, 1984, will be directed by a joint Federal/Provincial Management Committee and the program will be administered, promoted and monitored by British Columbia.

The Agreement will promote energy conservation by industrial, commercial and institutional organizations and assist in improving their energy efficiency. "Energy conservation is an integral part in achieving one of the principal goals of the National Energy Program: Energy self-sufficiency for all Canadians," Chrétien noted.

The main feature of the program is the two energy audit vehicles known as "Energy Buses". An idea conceived and developed in Canada, the Energy Bus is equipped to perform free on-site Energy Audits. Aided by special computér programs, the audit team analyses energy use patterns and pinpoints areas for potential energy savings.

An Energy Bus has been operating in British Columbia since 1978, under a previous agreement. "Recently, demand for the audit service has increased as real energy prices moved upwards. The new Agreement will ensure that we continue to assist industry in their efforts to control energy costs and remain competitive" Smith said.

Annual energy bills of the organizations audited to-date total 70 million dollars, and savings of 7 million dollars a year have identified, an average saving of 11.2 per cent.

- more -

Canada

Under the new Agreement grants will also be available to private sector companies and institutions requiring the services of professional consultants to develop and implement energy conservation projects identified by the energy audit.

Seminars and workshops on Energy Conservation tailored to the specific needs of a group or region are also to be provided.

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For further information, contact:

Peter Honke
Conservation and Renewable Energy Branch
Ministry of Energy, Mines and
Petroleum Resources
Phone: (604) 689-1831

or

Jim Hooke
Energy, Mines and Resources Canada
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Government of Canada Gouvernement du Canada

news release

Date April 14, 1983 83/36

For release

ANNUAL REPORT ON THE ADMINISTRATION OF THE CANADA OIL AND GAS ACT RELEASED

OTTAWA – The Honourable Jean Chrétien, Minister of Energy, Mines and Resources, and the Honourable John Munro, Minister of Indian and Northern Affairs, today tabled in Parliament the first annual report of the Canada Oil and Gas Lands Administration (COGLA). It is their first annual report on the administration of Canada Lands under the Canada Oil and Gas Act.

The report, for the year ending December 31, 1982, says 47 exploration agreements for rights in the Canada Lands were negotiated during the year under the resource management regime established by the Canada Oil and Gas Act.

The agreements, covering about 26 million hectares in the Arctic and East Coast offshore, involve 65 wells to be drilled in the next six years at an estimated cost of about \$3 billion. Further agreements have been, and remain to be, negotiated this year.

During 1982, 23 exploratory wells were drilled in the Canada Lands, one more than in 1981. Three oil discoveries and six gas discoveries were made. The report says Canada Lands' established oil and gas resources are 469 million cubic metres of oil and 893 billion cubic metres of natural gas, compared with 414 million cubic metres of oil and 813 billion cubic metres of gas at the end of 1981.

During 1982, the oil and gas industry spent about \$1.5 billion in the Canada Lands. Of that, 73 per cent was spent in Canada. Another \$1 billion was spent on capital investments, with a 50 per cent Canadian content. About 5,700 job opportunities were created, 84 per cent of them filled by Canadians.

"Working in cooperation with others in the federal and provincial governments, this activity was closely monitored by COGLA to ensure worker safety and environmental protection," the Ministers said.

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For more information, please contact:

Maurice Taschereau
Administrator, COGLA
(613) 993-3760

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

A1
15
N76

83/38
April 14, 1983

CHRÉTIEN TO VISIT KOREA, JAPAN

The Minister of Energy, Mines and Resources, the Honourable Jean Chrétien, leaves Canada on April 15 for official visits to Korea and Japan, where he will participate in the inauguration of a new CANDU reactor in Korea and hold talks on bilateral energy matters with his Korean and Japanese counterparts.

Mr. Chrétien was invited by the Government of Korea to attend the inaugural ceremony of the 600 MWe Wolsung I CANDU reactor, which is just starting operation after having been built in record time. While in Korea from April 19 to 24, Mr. Chrétien will also call on the Korean President and meet with the Ministers of Energy and Resources, Foreign Affairs, Science and Technology and the President of KEPCO, the major Korean utility. In his talks with the Korean government, Mr. Chrétien will discuss the growing Canada-Korea energy relationship, which includes not only sales and cooperation in Canadian nuclear technology, but also exports of Canadian coal and uranium, and possible Korean investments in Canadian energy resource projects.

Mr. Chrétien will be in Japan from April 16 to 19. While there, he will meet with Japanese Ministers, including the Minister of International Trade and Industry (MITI) and the Foreign Minister, and with representatives of the Japanese energy industry. Among the topics Mr. Chrétien will discuss will be the status of current and proposed Canadian coal, uranium and liquified natural gas (LNG) exports to Japan, Japanese investments in the Canadian energy industry and prospects for the introduction of CANDU nuclear technology into Japan.

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For more information, please contact:

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Director Multilateral and
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International Energy Relations Branch
Energy, Mines and Resources Canada
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Canada

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/39
April 15, 1983

EAST SABLE AGREEMENT ANNOUNCED

HALIFAX – The Honourable Allan MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, on behalf of the Honourable Jean Chrétien, Minister of Energy, Mines and Resources, today announced that an exploration agreement calling for an investment of more than $113 million in work offshore Nova Scotia has been concluded with Dome Petroleum Limited and partners.

The Honourable Ron Barkhouse, Minister of Mines and Energy for the Province of Nova Scotia, joined Mr. MacEachen in making the announcement.

"The agreement with Dome and partners means still more offshore activity on the part of Nova Scotia companies, and will translate into further jobs and business opportunities for the provincial economy," Mr. Barkhouse said.

The operator for the East Sable exploration program will be Home Oil Company Limited, under a farm-out agreement with Dome Petroleum. Under this arrangement, Home Oil will earn up to one-half of the interest held by Dome on the East Sable block, and be operator for the wells required by the agreement.

The agreement for the East Sable block covers 240 000 hectares and requires the operator and partners to drill two wells. The agreement has a term of two and one-half years.

Partners in this agreement will be Dome Petroleum Limited (21.9 per cent), Home Oil Company Limited (21.9 per cent), Dome Canada Limited (7.3 per cent), TCPL Resources Ltd. (7.3 per cent), Inco Energy Resources Ltd. (18.9 per cent), East Coast Energy Limited (2.7 per cent), and Nova Scotia Resources (Ventures) Limited (20 per cent).

Home Oil will earn its 21.9 per cent interest in the first structure drilled on the East Sable block, and will have an option to participate in two additional wells to earn further interests in the lands included in the exploration agreement. Home Oil expects that drilling will commence in the last quarter of 1983. Each of the wells is expected to cost in the order of $55 million, and Home intends to open an exploration office in Nova Scotia by mid-year to begin detailed preparation and planning.

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The agreement was negotiated through the Canada Oil and Gas Lands Administration (COGLA) in co-operation with the Province of Nova Scotia as well as other federal departments and agencies. It was approved by the Canada-Nova Scotia Offshore Oil and Gas Board for Mr. Chrétien's signature.

Over the course of the agreement, half of the land involved will be relinquis to the Crown.

The Canada Benefit plan submitted in connection with the exploration agreement calls for an average of 42 per cent Canadian content, with over $23 million to be spent in Nova Scotia. Peak employment will total over 189 positions.

"This agreement is further testimony to the effectiveness of the Canada-Nova Scotia Agreement of March 1982," Mr. MacEachen said. "The completion of these arrangements brings the total investment committed to exploration work offshore Nova Scotia under that agreement to nearly $1.7 billion."

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For further information, please contact:

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Administration (COGLA)
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or

Wynne Potter
COGLA Nova Scotia Office
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Attachments: Map of agreement area


CHARLOTTETOWN
Nouvelle – Écosse
Nova Scotia
HALIFAX
L'Île de
Sable
Island
Océan Atlantique
Atlantic Ocean

Minister of State Mines
Ministre d'État Mines

From the Office of the Minister

83/40
April 20, 1983

MINING TO BENEFIT FROM GOVERNMENT RECOVERY PROGRAM

OTTAWA – Commenting today on yesterday's Budget Speech, Mines Minister Judy Erola said she was pleased that the circumstances facing the mining sector are clearly acknowledged by the Government in the Budget's economic recovery program. "After some severe shocks, markets are improving and with the support of the new measures announced yesterday the industry can look forward to a period of renewed confidence," she said.

"The mining industry will benefit from a number of new initiatives proposed under the Government's recovery program," said Mrs. Erola. She noted that labour, management and mining communities will face improved prospects in both the short and long term.

The Minister of Finance announced that the deductibility of the earned depletion associated with mine exploration expenditures from any income will encourage increased investment in "grass-roots" mining exploration. Erola said that "this proposal will help both large and junior mining companies to attract exploration financing. For eligible expenses incurred from now on, the earned depletion will be deductible at an annual rate of 25 per cent of a taxpayer's total income".

The Minister said the provision will allow the mining industry to make better use of the flow-through share and joint exploration corporation provisions in the Income Tax Act, thereby encouraging the participation of investors in mining exploration.

The use of the investment tax credit is also greatly enhanced. For investments made after today, taxpayers will be able to use their investment tax credit to reduce, without limitation, their federal tax payable.

This change doubles the tax credit previously available, and will provide a much needed incentive for major mining capital projects. Moreover, after a phase-in period, the impact of this measure will be further increased by allowing the tax credit to be carried back three years and forward seven years. This change gives positive recognition to the cyclical nature of the mining industry.

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A further provision related to tax credits will encourage investment in new equity shares for mining. The Special Recovery Share-Purchase Tax Credit will entitle the purchaser of the company's common shares to take a tax credit of up to 25 per cent of the cost of the shares. This will enable the transfer to equity investors of tax credits earned by a corporation. This measure is especially beneficial to mining companies which are not in a taxable position.

Another provision introduced is a Special Recovery Refundable Investment Tax Credit. For three years, 20 per cent of unused tax credits will now be refunded in the year of investment. For small business the refund will be 40 per cent. This measure ensures the further use of the tax credit incentive.

Another tax provision of special interest to mining, with its cyclical profit and loss situation, is the new treatment of loss carryovers. After a phase-in period, business losses can be carried back three years, and carried forward seven years.

Erola reaffirmed that other aspects of the Special Recovery Program announced in the Budget will be of significant benefit to the mining industry, such as the strengthening of the government's NEED program and Section 38 of the Unemploym Insurance Act. Many of the Budget proposals were the result of extensive consultations with the Minister's provincial colleagues and the private sector. She indicated that these incentives should go a long way in stimulating the industry in Canada, as well as complementing ongoing provincial government programs.

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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/41
April 21, 1983

STRONG PANEL ASSEMBLING FOR MINERAL OUTLOOK '83

OTTAWA — A panel of leading economists and mineral experts, with strong international input, will examine the prospects for prosperity in the Canadian mineral industry here May 17-18. Mines Minister Judy Erola, who will open the Mineral Outlook conference, released details today.

Leading discussions on May 17 will be the executive director of the Hudson Institute of Canada, Marie-Josée Drouin. She will be joined by the Chairman of the Economic Council of Canada Dr. David W. Slater, H.T. Fargey, President of the Mining Association of Canada, and Dr. K.J. Brewer of the Economic and Financial Policy Analysis Branch of the Department of Energy, Mines and Resources. Mrs. Drouin and Dr. Slater will lead discussions on the world and Canadian economic situations and outlooks, respectively. Mr. Fargey and Dr. Brewer will deal with the mineral economic outlook from industry and government viewpoints, respectively.

A session on the government's Mineral Policy Review will be led by Dr. C.G. Miller, Assistant Deputy Minister for mineral policy at EMR. Science and Technology strategy will be discussed by Dr. Kenneth Whitham, ADM for Research and Technology and Dr. W.W. Hutchison, ADM for Earth Sciences at EMR. The mineral exploration outlook will be led by Dr. D.R. Derry of the firm, Derry Michener, Booth and Wahl.

Representing the international outlook for the mineral economy in addition to Mrs. Drouin will be Robert C. Horton, Director of the U.S. Bureau of Mines, Tsutomu Iwasaki, a Japanese mineral specialist, Francis L. Holford from London representing European metal traders, and P.C.M. Roberts, an international analyst from Merrill Lynch Royal Securities. This final-day panel will be led by Dr. Jean-Paul Drolet, Senior Assistant Deputy Minister for International Minerals at Energy, Mines and Resources Canada.

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Canada

CANADIAN MINERAL OUTLOOK CONFERENCE

May 17-18, 1983

CONFERENCE CENTRE, OTTAWA

AGENDA

Tuesday, May 17, 1983

08:00 Registration

Conference Chairman: Dr. A.E. Collin
Associate Deputy Minister
Department of Energy, Mines and Resources

Conference Opening

08:45 Opening Remarks

The Honourable Judy Erola
Minister of State (Mines)
Department of Energy, Mines and Resources

Session I: Economic Outlook

Session Chairman: Dr. A.E. Collin
Associate Deputy Minister
Department of Energy, Mines and Resources

09:00 World Economic Situation & Outlook

Marie-Josée Drouin
Executive Director
Hudson Institute of Canada

Canadian Economic Situation & Outlook

Dr. David W. Slater
Chairman
Economic Council of Canada

Mineral Economic Outlook - Industry & Government Views

H.T. Fargey
President
Mining Association of Canada

Dr. K.J. Brewer
A/Director General
Economic & Financial Policy Analysis Branch
Department of Energy, Mines and Resources

Questions

10:15 Break

10:45 Mineral Policy Review - Status Report

Dr. C.G. Miller
Assistant Deputy Minister (Mineral Policy)
Department of Energy, Mines and Resources

Science & Technology Strategy - Government Approach

Dr. K. Whitham
Assistant Deputy Minister (Research & Technology)
Department of Energy, Mines and Resources

Dr. W.W. Hutchison
Assistant Deputy Minister (Earth Science)
Department of Energy, Mines and Resources

Mineral Exploration Outlook

Dr. D.R. Derry
Partner
Derry, Michener, Booth & Wahl

Questions

12:15 Luncheon Recess

Session II: Commodity Situation and Outlook

Session Chairman: Dr. C.G. Miller
Assistant Deputy Minister
(Mineral Policy)
Department of Energy, Mines and Resources

13:45 Ferrous Minerals

Iron Ore
G. Massobrio
President
Quebec Cartier Mining Co.

Iron & Steel
Dr. D.F. Barnett
Industrial Economist
International Bank for Reconstruction & Development

Questions

14:15 Nonferrous Minerals

Copper
Dr. D.A. Cranstone
Senior Mineral Economist
Department of Energy, Mines and Resources

Nickel
Dr. W. Curlook
Executive Vice-President
Inco Limited

Lead & Zinc
W.G. Deeks
Executive Vice-President
Noranda Sales Corporation Ltd.

Gold
Dr. T.P. Mohide
Director
Mineral Resources
Ontario Ministry of Natural Resources

Aluminium
H.C. Corrigan
Vice-President (Corporate Relations)
Alcan Aluminium Limited

Questions

15:35 Break

16:00 Industrial Minerals

Asbestos
J. Dupéré
President
Lake Asbestos of Quebec Limited

Potash
G.S. Barry
Senior Mineral Economist
Department of Energy, Mines and Resources

Questions

16:45 Adjournment

18:00 - 20:00 Delegates' Reception
Main Lounge

Wednesday, May 18, 1983

Session III - International Outlook

Session Chairman: Dr. Jean-Paul Drolet
Senior Assistant Deputy Minister
(International Minerals)
Department of Energy, Mines and Resources

08:45 United States
Robert C. Horton
Director
U.S. Bureau of Mines

Japan
Tsutomu Iwasaki
Principal
T. Iwasaki & Associates Ltd.

European Economic Community
Francis L. Holford
Managing Director
Rudolph Wolff & Co.

World Price Outlook
P.C.M. Roberts
Senior Mining Analyst
Merrill Lynch Royal Securities Ltd.

Questions

10:40 Break

Session IV

Session Chairman: Dr. A.E. Collin
Associate Deputy Minister
Department of Energy, Mines and Resources

11:00 Closing Remarks & Conference Summary

The Honourable Judy Erola
Minister of State (Mines)
Department of Energy, Mines and Resources

Questions

12:00 Adjournment

COMMUNIQUE

83/50
May 16, 1983

CHRÉTIEN, ZAOZIRNY ANNOUNCE $200 MILLION WOLF LAKE OIL SANDS PROJECT

CALGARY – Federal Energy Minister Jean Chrétien, and Alberta Energy linister John Zaozirny, announced today that tax relief in the Federal government's pril 19 Budget, combined with an appropriate royalty regime from the Government f Alberta, has enabled BP Exploration Canada and Petro-Canada to proceed with heir proposed $200 million Wolf Lake oil sands project.

In a news conference today attended by E.W. Best, President of BP Exploration anada, and Jim Stanford, President of Petro-Canada Resources, the two energy inisters said the project is a significant step forward in the development of Canada's nammoth oil sands resources.

"The Wolf Lake project represents real progress in our effort to develop ew oil supplies, provide energy security for Canadians, and at the same time, to rovide jobs and economic activity," Mr. Chrétien said. Mr. Zaozirny added: "Not nly will Wolf Lake benefit the economy of Alberta, but it will also provide other anadians with significant economic opportunities."

The Ministers said BP Exploration Canada has been developing the site, ocated 250 kilometres northeast of Edmonton, since the mid-1960s. They said he companies would make a capital investment in the order of $200 million to et the project into production by 1985. Petro-Canada has a 50 per cent interest n the project.

During the 25-year life of the project, additional capital expenditures vill total more than $750 million – most of which will come from Canadian sources.

The Ministers said that both governments have agreed on a pricing and axation package. The Federal government will provide earned depletion allowance nd relief from the Petroleum and Gas Revenue Tax (PGRT), as announced in the linister of Finance's Budget in April, while Alberta's royalty regime will provide or nominal royalty payments until the project sponsors have recovered their costs f development.

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The effect of the federal tax relief measure will be that the project will not pay PGRT until its capital costs have been recovered. The project's sponsors will receive the New Oil Reference Price, or in effect world prices, for Wolf Lake oil.

"This agreement proves that industry and governments can work together to develop our energy resources and contribute to economic recovery," the Ministers said. "It also proves that we as governments can work together in a constructive and co-operative manner."

When fully operational in 1985, the Wolf Lake project will produce about 7,000 barrels of oil per day and could be expanded in the future.

The project, which will employ some 450 people during the construction phase and will create about 200 permanent jobs when fully operational, involves the extraction of thick oil, or bitumen from the earth. Using thermal techniques, the bitumen is diluted to make it flow more easily. Once the bitumen is produced, it will be sent to market by pipeline.

To begin production at Wolf Lake, 200 wells will be drilled initially. As production from the wells declines, new wells will be drilled to replace depleted ones. During the life of the project, a total of 1,200 wells will be drilled. An average of 350 wells will be in operation at any one time.

It is estimated that the oil sands of Alberta hold 1.1 trillion barrels of bitumen, of which approximately 200 billion barrels could be recovered using technology that now exists or is under development.

About 20 per cent of the recoverable oil is in sands that are near the surface where open-pit mining methods can be used to gather the deposits and transport them to a processing plant where oil can be separated from the sand. The giant Syncrude and Suncor plants in the Fort McMurray area use surface mining methods. The remaining 80 per cent of recoverable oil is in sands that are too deep for surface mining methods, and which require in situ recovery techniques.

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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/61
May 31, 1983

FIRST EMR REGULATORY AGENDA ISSUED

OTTAWA – Energy Minister Jean Chrétien today released the first edition of his department's Regulatory Agenda. As part of the Government of Canada's regulatory reform program, departments will now issue, twice a year, agendas of proposed regulatory actions.

"These Regulatory Agendas will promote better communication and consultation with the private sector," Mr. Chrétien said. "At the same time they will alert other groups – such as labour, consumers and environmentalists – to possible changes in regulations so that they can provide input if they so wish."

Mr. Chrétien noted that by issuing Regulatory Agendas, the Government of Canada is enhancing the sensitivity of the regulatory process to the concerns of all parties. In addition, he said, the process provides all interested parties with a 'forward look' so that more time is available to prepare responses and interventions.

The first edition of EMR's Regulatory Agenda is free. Subsequent editions, to be issued each November and May, may be obtained by subscription.

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Canada

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Énergie, Mines et Ressources Canada

COMMUNIQUE

83/62
June 7, 1983

EASTERN CANADA TRANSPORTATION SUPPORT PROGRAM FOR CANADIAN CRUDE OIL EXTENDED

OTTAWA — Energy Minister Jean Chrétien announced today that the Government of Canada is extending the program under which refiners east of Montreal are compensated for transportation costs incurred in moving Canadian crude oil by ship from Montreal to their refineries.

The program, which is part of a larger effort to maximize the utilization of Canadian crude oil, was introduced in July, 1982, and has been responsible for the movement of approximately 8500 cubic metres per day of Canadian crude to refiners in Saint John, New Brunswick, Dartmouth and Halifax, Nova Scotia. For shipments to the end of March 1983, approximately $36 million has been paid to cover associated transportation costs.

The Minister said that the program, originally intended to run to mid-1983, is being extended to December 31, 1983, in light of the potential shut-in of Canadian crude oil in the second half of this year.

"This program represents a significant saving to the oil consumer because of its impact on the Petroleum Compensation Charge," Mr. Chrétien said. He said that for the nine-month period ending March 31, 1983, the compensation saving resulting from the displacement of foreign crude oil in Atlantic Canada amounted to approximately $125 million.

"Besides these savings, one has to consider the benefits to Canadian employment, the use of Canadian ships and the positive impact on the balance of payments resulting from the use of Canadian rather than foreign crude oil, as well as the increased cash flow to the Canadian oil producers," Mr. Chrétien said.

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Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

126

83/75
July 6, 1983

INCENTIVE PRICING FOR NATURAL GAS EXPORTS ANNOUNCED

OTTAWA – Energy Minister Jean Chrétien today announced the implementation of a Volume Related Incentive Pricing (VRIP) scheme for exports of natural gas to the United States, effective today.

Under VRIP, Canadian exporters will be able to sell gas in excess of an established base level at an incentive price of $US 3.17/Gigajoule (GJ) – $US 3.40/Million British thermal units (MMBtu). Base volumes of gas exported will continue to be sold at the uniform border price, currently $US 4.10/GJ ($US 4.40/MMBtu). The VRIP scheme will be in effect from July 6, 1983 to October 31, 1984.

"With export sales reaching more than $4.8 billion last year, natural gas is one of Canada's most important trade commodities," the Minister said. "Through incentive pricing, we hope to preserve our share of the U.S. natural gas market and, possibly, to increase gas sales in certain regions."

"As an exporter of natural gas, Canada recognizes that the current, difficult conditions in the U.S. require flexibility on the part of gas marketers," the Minister added.

"Canada values the United States as a long-term market for natural gas surplus to Canadian needs. For this reason, we are willing to do our part to ensure that natural gas remains a competitive fuel within the U.S."

Mr. Chrétien said that the incentive price compares favourably with the range of U.S. wellhead prices for new gas sales, particularly as it includes the significant costs of moving our gas from the wellhead to the U.S. border. The Minister added that incentive pricing demonstrates Canada's willingness to respond flexibly to short-term difficulties in regional U.S. gas markets.

"However, we cannot solve all the gas marketing problems in the U.S. VRIP is intended as our response to an export market in transition. In return, I would expect that the U.S. will continue to regard Canada as a stable, long term source of supplementary gas supply."

The Minister noted that VRIP was developed in full consultation with the Provinces of Alberta and British Columbia, with gas exporters and with the producing industry.

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"I am particularly concerned that the major investments made by the Canadian industry to serve the export market not be jeopardized," said Mr. Chrétien.

"For this reason, I was especially pleased with the full co-operation I received in developing this export incentive pricing scheme. Building strong markets for natural gas is in the interest of all Canadians. I look forward to continuing my consultative process with the producing provinces and the industry to address a range of domestic and export gas marketing issues."

Mr. Chrétien noted that this incentive pricing program for exports to the United States is compatible with domestic federal natural gas marketing initiatives. Specifically, he referred to the recent agreement with Alberta which provides for the maintenance of a 65 per cent gas/oil price relationship in TransCanada's Eastern Zone and the joint undertaking with Alberta to explore additional means of increasing natural gas sales east of Alberta through additional price or other incentives.

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BACKGROUNDER

VOLUME-RELATED INCENTIVE PRICING

Natural gas is one of Canada's most important trade commodities. In 1982, gas exports to the United States earned $4.8 billion. Canadian exports supply about four per cent of total U.S. gas demand; in some regional markets (for example, California, the Pacific Northwest), the proportion of total supply is much higher.

Canadian export volumes have not been isolated from recent changes in world energy markets. The economic recession, conservation and competition from alternate fuels have combined to reduce overall U.S. natural gas demand. At the same time, consumer prices in the United States have increased, largely as a result of the provisions of the Natural Gas Policy Act of 1978.

The manner in which natural gas is marketed in the United States is currently under legislative and regulatory scrutiny. It is unclear if this examination will result in decontrol of natural gas prices or increased industry regulation in the U.S. The commercial response to market uncertainty has been to devise a variety of innovative marketing strategies to regain and maintain large volume natural gas customers.

As an exporter, Canada has an interest in ensuring that our natural gas remains competitive in U.S. markets. Accordingly, the Government of Canada initiated, late in 1982, a consultative process with the gas exporting provinces and the industry to examine ways to preserve our share of U.S. natural gas markets.

During the consultative process, several export pricing schemes were evaluated. There was a consensus that an interim export pricing policy was necessary pending clarification of the U.S. market environment, and that such a policy should be relatively simple to administer on a uniform, equitable basis among all exporters. It was agreed that the most appropriate response to the current U.S. market was a policy which offered an incentive price based on export performance.

On April 11, 1983, the Honourable Jean Chrétien, Minister of Energy, Mines and Resources announced a reduction in the uniform border price from $US 4.60/GJ ($US 4.94/MMBtu) to $US 4.10/GJ ($US 4.40/MMBtu). The price reduction reflected a drop in world oil prices used as the basis for calculating the gas export price.

At the same time, the Minister announced his intention to have prepared, in consultation with the producing provinces and the industry, a technical report on volume-related incentive pricing for gas exports.

Implementation

Effective July 6, 1983, the Government of Canada, in exercising its jurisdiction to prescribe the export price for natural gas, will establish a Volume Related Incentive Pricing (VRIP) Program. Gas volumes sold in excess of an established base volume will be sold at an incentive price. The program will include the following elements:

i) Program Period: The program period will be set on an annual basis from November 1 to October 31. The entire program period will thus be from the date of implementation to October 31, 1984. Year One will be in effect from November 1, 1982 to October 31, 1983; Year Two from November 1, 1983 to October 31, 1984.

ii) Licence Grouping: For Year One, the export licences will be grouped for the purpose of establishing base volumes as shown in Annex 1. The licence groupings will be re-evaluated prior to Year Two and, if necessary, amended to reflect any changes in existing licences or the start-up of exports under new licences.

iii) Application of Base Volumes: For Year One, VRIP will be applied on an annual basis; that is, the incentive price will be offered only after the full annual base volume has been exported. For Year Two (November 1, 1983, to October 31, 1984), subject to certain guidelines and federal government approval, exporters will be able to sell gas at the incentive price each month provided that over the course of the year only those volumes above the annual base volume are sold at the incentive price.

iv) Base Volumes: The base volume will be defined as the lesser of:

- 50 per cent of the annual licence quantity of each licence grouping;

  or

- the actual quantity exported during the period November 1, 1981, to October 31, 1982, provided the natural gas has been flowing during that 12 month period under all contracts underpinning the licence grouping.

The resulting base volumes for each licence/licence grouping are set out in Annex 1.

v) Price: The Volume Related Incentive Pricing Program will be based on a two-tier price. The Government of Canada will prescribe the first tier (base) price based on the March 26, 1980, Statement of Principles on Canadian Gas Export Pricing (commonly called the Duncan-Lalonde formula). The first tier is, at present, $US 4.10/GJ ($US 4.40/MMBtu). The second tier (incentive) price, to be in effect for both years of the Program, is prescribed by the Government of Canada at $US 3.17/GJ ($US 3.40/MMBtu). The Government of Canada may review the incentive price if changes in world oil prices necessitate an amendment to the base price. However, at no point will the incentive price be prescribed at a level lower than the wholesale price of natural gas at the Toronto City Gate, inclusive of the Canadian Ownership Special Charge and the Natural Gas and Gas Liquids Tax.

The federal-provincial consultative process will be continued with the specific function of reviewing and providing recommendations on key policy issues arising from Volume Related Incentive Pricing. For example, the consultations may address options for program implementation in Year Two and may review new licence grouping for Year Two.

ANNEX 1

LICENCE GROUPINGS / BASE VOLUMES

	Exporter	Licences and Order Numbers	Base Quantity in cubic metres
1.	Alberta & Southern Gas Co. Ltd.	GL-3, GL-16, GL-24, GL-35	5 290 224 100
2.	Canadian Montana Pipe Line Company	GL-36, GL-52, GO-3-79	153 570 000
3.	Canadian Montana Pipe Line Company	GL-5, GL-17, GL-25	346 725 000
4.	Columbia Gas Development of Canada Limited	GL-54	211 750 000
5.	Consolidated Natural Gas Limited	GL-61	1 033 950 000
6.	ICG Transmission Holdings Ltd.	GL-28	4 773 250
7.	ICG Transmission Holdings Ltd.	GL-29	109 274 650
8.	Niagara Gas Transmission Limited	GL-6, GL-55	132 446 649
9.	Pan-Alberta Gas Ltd.	GL-58	4 147 200 000
10.	Pan-Alberta Gas Ltd.	GL-59, GL-63	1 244 150 000
11.	ProGas Limited	GL-56 for gas exported to Michigan Wisconsin Pipe Line Company	387 500 000
12.	ProGas Limited	GL-56 for gas exported to Natural Gas Pipeline Company of America	387 500 000
13.	ProGas Limited	GL-56 for gas exported to Tennessee Gas Pipeline Company, a Division of Tenneco, Inc.	387 500 000
14.	ProGas Limited	GL-56 for gas exported to Texas Eastern Transmission Corporation	387 500 000
15.	Sulpetro Limited	GL-57	304 209 650

Exporter	Licences and Order Numbers	Base Quantity in cubic metres
16. TransCanada PipeLines Limited	GL-18, GL-39, GL-60	1 826 247 750
17. TransCanada PipeLines Limited	GL-19	92 065 500
18. TransCanada PipeLines Limited	GL-20, GL-37	1 469 688 000
19. TransCanada PipeLines Limited	GL-38	239 514 400
20. Union Gas Limited	GL-64	142 000 000
21. Westcoast Transmission Company Limited	GL-4 for gas exported at Kingsgate (B.C.) and GL-41 in so far as it relates to gas exported at Huntington (B.C.)	3 384 561 300
22. Westcoast Transmission	GL-41 in so far as it relates to gas exported at Monchy, Saskatchewan	209 755 900

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

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83/76
July 7, 1983

SOLAR ENERGY SUPPORT PROGRAM ANNOUNCED

The Minister of Energy, Mines and Resources, Jean Chrétien, today announced a $79 million program to support the development of active solar energy in Canada.

The five-year program is intended to provide financial assistance to the solar energy industry enabling it to produce cost-effective solar systems by 1988.

"This program will be direct and aggressive in striving to meet its prime objective of substantial cost/performance improvements," Mr. Chrétien said. "The new solar program is intended to move the industry to a position where it can truly compete on the open market both in Canada and abroad".

The program has been allocated $79 million, of which $30 million is for research and development managed by the National Research Council. Some $45 million will be used for demonstration programs, most of which will be run as jointly funded projects with the private sector. The remaining $4 million will meet the expenditures needed to complete ongoing commitments under the Purchase and Use of Solar Heating (PUSH) program run by the Department of Public Works.

During its first year, the program will include another phase of the solar domestic hot water demonstration calling for more than 2000 residential installations, with the federal government subsidizing 50 per cent of the cost of these installations.

A solar commercial/industrial program in the first year will provide subsidies toward the cost of solar heating systems in that sector. This latter program will be similar to the current Canada-Ontario commercial/industrial solar demonstration program.

Finally, funds will be allocated for a Special Projects Demonstration providing assistance for promising new solar technology, and incorporating unique ideas and concepts that have merit yet do not fit within existing solar programs. Each of these three programs will require a significant level of private investment in the projects.

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Research and development will play an important role, largely through targetted contracting-out activities at the National Research Council. By aligning projects closely with the cost competitiveness objective, successful results from solar research and development will be used to form the basis for future demonstrations.

Private sector support for this cost-sharing program is expected to increase each year. The program should generate more than $130 million in solar energy industry expenditures over the five-year period, creating new jobs and new markets for solar products in Canada and abroad.

Requests for proposals will soon be issued to those wishing to participate in the demonstration programs.

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For further information, please contact:

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BACKGROUND

This new solar energy initiative represents a culmination of efforts by federal, provincial and industry officials to develop a new policy for solar energy in Canada. Almost a year in the making, this new approach provides federal support for five years in order to produce solar energy systems capable of competing on an equal basis with other traditional forms of energy.

The advantages of solar energy are numerous. It is a renewable, indigenous energy resource which is secure from disruptions. It is environmentally safe and is considered a favourable energy choice by the Canadian public. It also represents, potentially, a commercial opportunity through industrial development and sales to both domestic and export markets.

It was on this basis that in 1978, the Government of Canada made an initial commitment to support the development of active solar energy. The National Research Council received enhanced funding for the support of solar research and development while one of the first direct support programs, PASEM (Program of Assistance to Solar Energy Manufacturers) provided grants to several companies to set up a manufacturing base for solar energy products. A subsequent program PUSH (Purchase and Use of Solar Heating) established a market for these products by having systems installed in federally-owned buildings. Demonstration programs through Energy, Mines and Resources offered subsidies to both private and commercial users. Industry, Trade and Commerce and the Canadian International Development Agency (CIDA) also provided assistance in market development, domestically and abroad.

The effect of these various programs was to establish a solar industry with products which are competitive on the world market. Solar energy equipment has become increasingly reliable and its performance improved, but in spite of price reductions, costs in Canada are still too high to compete with our traditional energy forms.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/82
July 28, 1983

GOVERNMENT MAINTAINS STABLE WHOLESALE NATURAL GAS PRICES

OTTAWA – Energy Minister Jean Chrétien today announced new wholesale prices for natural gas in Canadian markets east of Alberta. These prices take effect August 1, 1983.

"Canadian gas prices over the next six months will be very much the same as we have had since last September. In fact, I expect this price stability to extend at least until the end of 1984. For Canadian gas consumers this means almost two-and-a-half years of relatively steady wholesale gas prices."

The price of natural gas will be between 1¢/gigajoule and 6¢/gigajoule less than the prices in effect since last February. The amount of the decrease varies by region.

"The Governments of Canada and Alberta are committed to keeping the natural gas price well below the price of crude oil," Mr. Chrétien said.

Though gas consumers are seeing stable gas prices, gas producers will still receive an increase in the Alberta Border Price. The Government of Canada will reduce its tax on natural gas to maintain a 65 per cent price ratio with oil.

The August 1, 1983 reduction in prices announced today reflects three changes in the components of the wholesale price of natural gas:

i) The Alberta Border Price rises by 23.3 cents per gigajoule to $2.63 per gigajoule. The Alberta Border Price, adjusted for transportation costs in Alberta, is the price received by producers. As a result of this price increase Alberta producers' revenues will rise by some $235 million a year.

ii) The Natural Gas and Gas Liquids Tax (NGGLT) will be rolled back by 30 cents per gigajoule, from the present 45 cents per gigajoule to 15 cents per gigajoule. It is through this tax reduction that the Government of Canada is ensuring that natural gas prices

- more -

Canada

are maintained at 65 per cent of the price of crude oil in eastern Canada. The tax has dropped 48 cents per gigajoule since August 1, 1982. The amendments to the gas pricing agreement recently signed with Alberta ensure that the 65 per cent price ratio is maintained, once the NGGLT reaches zero.

iii) The National Energy Board (NEB) recently announced increases in TransCanada PipeLines Ltd. (TCPL) tolls, or charges for transporting gas from Alberta to markets in Saskatchewan, Manitoba, Ontario and Quebec. These toll increases also take effect August 1. The tolls will increase by somewhat different amounts in each of TCPL's five delivery areas, or zones. On average, the increase is five per cent, relative to the cost of moving gas last September. This is in line with the Government of Canada's policy of price restraint.

The Provinces of British Columbia and Alberta consume their own gas, and their prices are not established by the Government of Canada. However, these provinces will benefit from the 30 cents per gigajoule reduction in the federal tax.

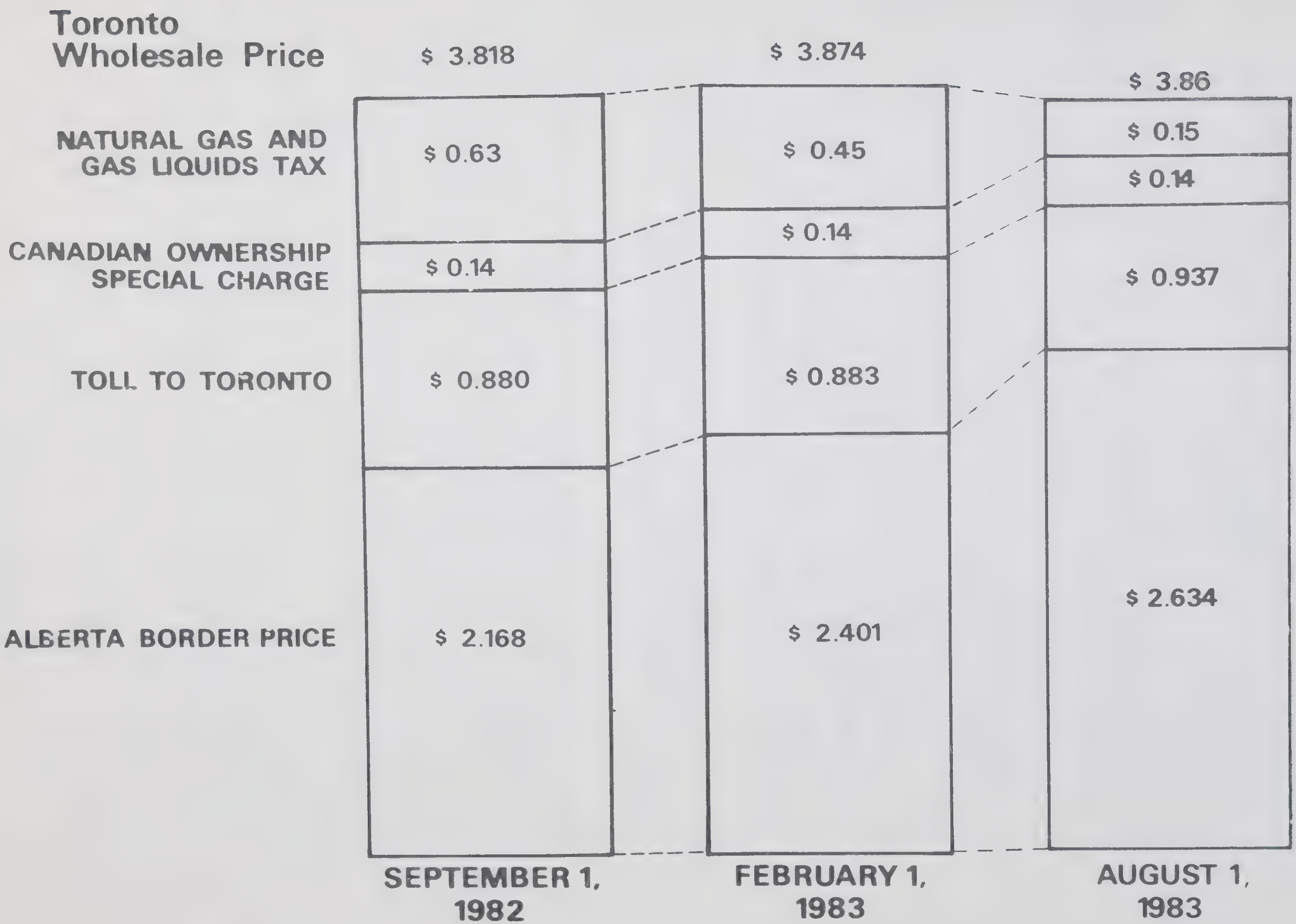
Attached is a table showing changes in natural gas prices and taxation since September 1, 1982.

\- 30 -

For further information, please contact: Norine Smith
Natural Gas Branch
Energy, Mines and Resources Canada
(613) 995-2500

Natural Gas Prices

September 1, 1982, February 1, 1983, and August 1, 1983
$/gigajoule



Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/84
August 2, 1983

REGULATORY CHANGES PROPOSED

Energy Minister Jean Chrétien today announced he will recommend to Cabinet changes to the Petroleum Incentives Program (PIP) regulations in order to control the level of PIP expenditures on certain wells in the Canada Lands.

The new regulations would require PIP applicants, participating in wells which will be spudded after today and which are expected to cost more than $50 million, to obtain prior approval in writing from the Minister in order to qualify for full PIP benefits. The approval is required for incentives exclusive of those covered by the Crown Share Incentive, a 25 per cent payment for eligible exploration expenses on the Canada Lands provided to applicants regardless of their Canadian ownership and control. As well, the regulations will limit all levels of PIP to drilling rates which are competitive.

Mr. Chrétien said, "I am concerned that the costs of drilling wells in the Canada Lands have escalated rapidly in the past couple of years, and this concern has led to the measures I am announcing today.

"However, I want to make clear that I consider these to be interim measures. I have instructed officials of the Petroleum Incentives Administration to commence discussions immediately with the petroleum industry to find long-term ways of controlling PIP expenditures in relation to drilling costs in the Canada Lands."

The amendments are not intended to result in incentives being withheld when weather delays, technical problems or other circumstances beyond the control of those drilling lead to increased costs.

The Petroleum Incentives Program Act provides cash incentives to those incurring eligible exploration and development expenses in all areas of Canada, except Alberta, where a similar program is administered and funded by the provincial government.

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For further information, contact: Jeff Carruthers
Director-General, PIP Policy
(613) 996-2611

Canada

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/85
August 4, 1983

$31 MILLION IN ADDITIONAL RESEARCH AND DEVELOPMENT FUNDING ANNOUNCED

An additional $31 million in energy research and development (R&D) funding, bringing the total federal commitment to $333 million in 1983-84, was announced today by Energy Minister Jean Chrétien.

"Energy R&D provides essential technical support for Canada's energy policies, including the safe and timely development of our frontier oil and gas resources," said Mr. Chrétien. "The increased funds are also an important component in the federal government's recently announced technology development policy, a strategy aimed at enhancing the national technology base to sustain a vigorous economy in the 1990s."

The federal interdepartmental Panel on Energy R&D recommends and monitors the expenditure of additional resources to achieve the following objectives of our national energy policy:

- development of alternatives to gasoline,
- higher energy efficiency,
- development of new energy sources, and
- development of new technologies and processes to enhance oil production in the Western Basin and from new discoveries in Canada's frontiers.

Today's increase brings to $154 million the annual budget coordinated by the Panel on Energy R&D. This level will be sustained with allowances for inflation within the federal "6 & 5" guidelines during the next five years, subject to review of achievements. This gives the continuity necessary to plan and conduct high quality research.

This announcement doubles the annual budget for federal R&D supporting the development of oil and gas from frontier regions.

- more -

The increases in funding support the government's policy of raising the national commitment to R&D to 1.5 per cent of the gross national product by 1985. More than two-thirds of the Panel's funds are channelled, through 14 managing departments and agencies, for the purchase of goods and services from consultants, industries and universities throughout Canada. An estimated 2 000 people will be employed in the private sector as a direct result of these contracts.

The new funding will emphasize the importance of enhancing the commercializa prospects of technology developed through R&D. Programs are designed to encourage reciprocal activity and commercial implementation by the private sector through various cost-sharing, management and development agreements. Some of these programs solicit proposals annually in areas such as energy conservation in all industrial sectors (including agriculture and waste management), public attitudes toward energy conservation, energy from forests, coal conversion, materials for offshore structures and electrical utility research through the Canadian Electrical Association.

Participating departments and agencies include Agriculture Canada; Atomic Energy of Canada Limited; Canadian Mortgage and Housing Corporation; Consumer and Corporate Affairs; Energy, Mines and Resources Canada; Environment Canada; Fisheries and Oceans; Indian Affairs and Northern Development; Industry Trade and Commerce; National Defence; National Health and Welfare; National Research Council; Public Works Canada; and Transport Canada.

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See attached backgrounder.

For further information contact:

Dr. Peter J. Dyne
(613) 992-3738 or 995-9351

or

Peter Lumb
(613) 996-6351 or 995-9351

ENERGY RESEARCH AND DEVELOPMENT

BACKGROUNDER

Highlights of Federal Energy Research and Development in 1983-84

Annual spending on conventional oil and gas research and development (R&D) is being doubled to complement industry's considerable efforts in meeting short-term supply objectives for light-medium crude oil and natural gas, particularly from Canada's frontiers. This will provide an independent technical basis for making resource appraisals and federal investments, for providing essential environmental forecasting and support services and for regulating developments to protect human lives and the environment with a minimum of delay. A better understanding of geological and marine hazards and the environmental conditions and processes facing industry offshore in the Northwest Atlantic and Canadian Arctic will be developed. Improved instrumentation, materials, engineering practice and transportation technology will also be developed to permit safe operations in these severe environments.

The federal government is putting major emphasis on developing substitutes for traditional transportation fuels. Technologies are being researched for ways to derive alcohols and synthetic gasolines from coal, natural gas and biomass sources; to enable refineries to handle lower quality feedstocks; to use products ranging from natural gas to alcohols in engines primarily for mobile purposes; and to use electricity and hydrogen in transportation systems in the longer term. Major projects include the coprocessing of coal and bitumen; a pilot plant, cost-shared with Quebec, to convert wood to a synthetic gas suitable for fuel alcohol production; support for Quebec industry to develop world-leading electrolyzer technology for products of hydrogen from water; and development, in British Columbia, of natural gas as a transportation fuel.

The federal R&D activity continues to emphasize the development of technologies to increase efficient energy use in all sectors through existing cost-shared programs such as the Industrial Energy Conservation R&D (IERD) program, the Energy R&D in Agriculture and Food (ERDAF) program and the Development of Resource and Energy Conservation Technology (DRECT) program. Other in-house and contracted programs seek to define and exploit energy saving opportunities in

advanced industrial processes; in the design, construction and operation of buildings; in transportation systems; and in integrated community energy systems. New high priorities include definition of air quality in buildings, automobile fuel economy standards, plasma arc applications and improved heat transfer technologies.

Canada's wealth of oil sands and heavy oils is a key element to achieving and sustaining domestic oil self-sufficiency. The Alberta Oil Sands Technology Research Authority is primarily responsible for research and field pilot demonstration of oil sand bitumen extraction and separation. The Canadian government's effort is focused on water quality issues and on producing desirable product slates from bitumens, heavy oils and residual oil feedstocks. PetroCanada is commercializing the federally developed hydrocracking technology. The cooperative Canada-Saskatchewan Agreement on Heavy Oil (1976) and the Canada-Saskatchewan Heavy Oil-Fossil Fuel Research Development and Demonstration Agreement (1981) govern the scope of federal involvement in Saskatchewan heavy oil recovery technologies. A general question now being researched is the effect of plant size on development costs and the choice of technology for oil sand and heavy oil operations.

Coal is an important substitute for oil in central power generation and industrial applications, and in providing a feedstock for alternative transportation fuels. Federal R&D emphasizes mine safety, the environmental and economic benefits of coal preparation and technical support to the special Atlantic initiatives of the national energy policy. Under the latter, projects are funded in Eastern Canada to demonstrate the environmentally acceptable use of coal as a substitute for heating oil. These include atmospheric pressure fluidized-bed combustion in Prince Edward Island, coal-liquid mixture demonstrations, dry scrubbing of fuel gases and corrosion aspects of fluidized-bed combustion in Nova Scotia.

Fusion energy is a new longer-term energy source and is the subject of large international collaborative efforts. Canadian participation is being boosted by construction of a magnetic confinement research facility in cooperation with Hydro-Québec at Varennes, Quebec, and development of a tritium fuel management program with Ontario Hydro.

Other new energy sources are being addressed through R&D in renewable energy technologies. Demonstrations of vertical axis water and wind turbines, in collaboration with industry and utilities, are aimed at establishing their viability as suppliers of electric power to conventional grids. The solar program's thrust is to establish cost-effective, active solar technologies with industry by 1988. Continuing research is aimed at sustaining the contribution of wood and other biomass sources to

the Canadian energy supply, and is largely concentrated on industries with major sources of biomass wastes and to regions with major biomass supplies, such as peat in the Atlantic Provinces. Studies to use Canada's geothermal energy potential continue, with a shift in emphasis toward above-ground technology.

Electric utility research is being supported through a small in-house research program and a contribution to the Canadian Electrical Association. This federal contribution enables smaller Canadian utilities to benefit from sharing in the R&D programs of the major utilities, and from having a say in choosing cooperative research ventures which address their technical needs.

The federal energy R&D activity also maintains an overview of broader environmental issues, such as carbon dioxide and water supply constraints, which are related to a range of energy supply sectors and not limited specifically to any one.

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MAJOR ENERGY R&D COMPONENTS APPROVED FOR FUNDING

Federal Energy R&D Funding, 1982-83 to 1983-84[1]

Approved through the Panel on Energy R&D

Task	1982-83		1983-84[2]	
	M$	% of total	M$	% of total
Energy conservation	26.8	(22)	30.8	(20)
Oil sands/heavy oils and coal	12.4	(10)	16.0	(10)
Nuclear energy: fusion	5.2	(4)	9.7	(6)
Renewable energy	28.5	(23)	34.0	(22)
New liquid fuels	34.5	(28)	33.9	(22)
Conventional oil, gas and electricity	13.1	(11)	27.9	(18)
Coordination	2.6	(2)	2.1	(2)

1 Funding shown in this table is additional to the existing R&D programs of federal departments and agencies, including Atomic Energy of Canada Limited.

2 All resources are shown in 1982-83 dollars. Resources for 1983-84 total M$162.6 in 1983-84 dollars with an allowance for inflation of less than 6 per cent.

Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

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15
N26

COMMUNIQUE

83/86
August 8, 1983

REMOTE COMMUNITY ENERGY PROGRAM EXTENDED

The deadline for applications for Phase I (studies) of the Remote Community Demonstration Program has been extended by six months to March 31, 1984, Energy Mines and Resources Canada announced today.

The new completion date of this phase is September 30, 1984.

This program contributes to the federal government's off-oil objectives. It should also help communities achieve lower long-term energy costs, greater energy self-reliance and, in some cases, increased levels of electrical service for home, community and local industrial needs.

More than 400 communities across Canada, and agencies responsible for or directly interested in their energy supply, are eligible to apply under the program. All communities in the Yukon and Northwest Territories are eligible, as are those communities in the provinces which are not connected to main electrical grids and do not have access to natural gas. The communities currently depend on expensive and depleting oil products for most of their heating and electrical energy needs.

In Phase I, a limited number of communities will be the subject of studies which explore energy alternatives and conservation opportunities.

The second phase of the program (demonstrations), expected to commence in the fall of 1983, is still scheduled to end March 31, 1986.

In Phase II, the program will contribute funds to a limited number of demonstration projects in selected remote communities.

As of July 1983, approval has been given for 19 studies: two in the Yukon, four in the Northwest Territories, three in British Columbia, one in Manitoba, five in Ontario, three in Quebec and one in Newfoundland/Labrador.

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For more information, please contact:

Lisa Shapiro
Remote Community Demonstration
Ottawa
(613) 995-9447

Canada

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

FOR RELEASE
NOON EDT

83/106
September 29, 1983

CANADIAN COMPANY FORMED TO EXPLORE ON CANADA LANDS

OTTAWA — A new Canadian-controlled company, ATS Exploration Limited, has been formed to undertake exploration for oil and gas on Canada Lands in the North and off the East Coast, Energy Minister Jean Chrétien and R.D. Southern, President and Chief Executive Officer of ATCO Ltd., announced today.

ATCO, a broadly diversified Canadian company with extensive operations in the petroleum industry, and Sun Life Assurance Company each hold 37.5 per cent of the voting shares in the new company, with Texaco Canada Resources Ltd., a wholly-owned subsidiary of Texaco Canada Inc., holding the balance.

Mr. Chrétien said that establishment of the company will result in extensive participation by Canadians in exploration, both in the North and off the East Coast. "An important aim of federal energy policy is to encourage greater Canadian participation in oil and gas exploration and development. This agreement is welcome on two counts because it not only increases Canadian participation, but marks the entry of a significant new Canadian company into frontier exploration and development," Mr. Chrétien said.

Texaco Canada Resources Ltd. will farm out its 700 000 hectare net interest in 2.8 million gross hectares of Canada Lands to ATS. Included in the lands are three blocks in the Norman Wells area of the Northwest Territories and three blocks off the East Coast, which are located on the Scotian Shelf, the Grand Banks and in the Newfoundland Basin. The new company has the right to earn a 50 per cent working interest in Texaco's holdings in the blocks.

ATS Exploration Ltd. will invest up to $250 million in an exploration program over the next five years. Initial exploration expenditures will be directed towards fulfilling government requirements on the Texaco farm-out lands, including seismic programs and the drilling of up to 11 wells. Four commitment wells are to be drilled with options to drill up to seven additional wells. The majority of the investment funds, however, will be earmarked for identifying and exploring other opportunities on Canada Lands.

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Canada

Mr. Southern said, "We are pleased to have the opportunity to join with Texaco, a long-established oil and gas producer, and Sun Life, Canada's largest life insurance company, in broadening the search for new petroleum sources in Canada. The new company will benefit from the transfer of technical expertise from Texaco, particularly during the initial exploration phase."

Through the Petroleum Incentives Program, the Government of Canada provides cash incentives covering from 25 to 80 per cent of eligible exploration expenditures on Canada Lands. The new company, with 75 per cent Canadian ownership, will be eligible to apply for maximum incentives.

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For further information, please contact:

Mr. E. Waddington
Senior Analyst
Policy Division
Petroleum Incentives Administration
(613) 996-4444

or

Mr. C.S. Richardson
Senior Vice President, Finance
ATCO Ltd.
(403) 276-1101

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/114
October 24, 1983

CANADA TO WORK WITH U.S. IN OCEAN DRILLING PROGRAM

OTTAWA – Energy, Mines and Resources Minister Jean Chrétien today announced that Canada will work with the United States in a scientific program of ocean drilling to probe deep beneath the sea floor. The announcement follows the signing of a memorandum of understanding between the two countries, confirming Canadian participation in the planning of the U.S. National Science Foundation's Ocean Drilling Program (ODP).

"Canada stands to gain a great deal of valuable geoscientific information by participating in ODP," said Mr. Chrétien, "especially when you consider the length of our coastlines, our extensive continental shelves, and our increasing interests offshore."

Mr. Chrétien termed the agreement "a very sound investment", with Canada contributing $250 000 to the planning phase of the program over the next year. The U.S. National Science Foundation will spend $28.8 million during the same period, most of which will go into the refitting of the vessel that will carry out the drilling program.

The Minister pointed out that the United Kingdom was participating in the planning of ODP, and that Japan, the Federal Republic of Germany and France also were expected to join the project. It is anticipated that the drilling phase will start in the fall of 1984 and that the drillship will be working in the Labrador Sea during 1985. The knowledge gained here will contribute to an understanding of the geology of the Labrador Sea and aid Canada in the search for hydrocarbons off Canada's east coast.

Plans will be developed for research off Canada's west coast in subsequent years to provide Canada with more detailed knowledge of seabed mineral deposits such as those recently found off Vancouver Island.

SOLAR DOMESTIC HOT WATER DEMONSTRATION PROGRAM

	Company and Project Manager	Area of Installation
1.	Amherst Renewable Energies Ltd. 1070 Morrison Drive Ottawa, Ontario K2H 9K7 Attention: George Wilenius (613) 820-3274	175 installations in Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland
2.	Ark Solar Products Ltd. 2676 Quadra Street Victoria, British Columbia V8T 4E4 Attention: G. Parker (604) 386-7643	75 installations in British Columbia
3.	Denoco Energy Systems Ltd. R.R. 1 Smiths Falls, Ontario K7A 5B8 Attention: Dennis O'Connor (613) 283-0574	75 installations in Eastern Ontario
4.	Dirk and Price Engineering Ltd. 3415 - 3 Avenue N.W. Calgary, Alberta T2N 0M4 Attention: C.R. Price (403) 283-4323	50 installations in Southern Alberta
5.	EnerSource P.O. Box 1688 27 Hiscott Street St. Catherines, Ontario L2R 7K1 Attention: Steve Dalton (416) 688-6267	25 installations in the region of Waterloo, Ontario
6.	Guelph Energy Centre 450 Woodlawn Road W. Guelph, Ontario N1K 1A6 Attention: Bruce Leeming (519) 837-0071	75 installations in Southern Ontario

7. NORSUN
A division of Nortec Solar Industries Inc.
P.O. Box 760
Manotick, Ontario
K0A 2N0
Attention: J.R. Swartman
(613) 692-2513

125 installations
in Nova Scotia, New Brunswick,
Western Quebec, Ontario and
British Columbia

8. Petro-Sun International Inc.
Thermo-Solar Division
2290 de la Métropole
Longueuil, Quebec
Attention: Michel Sicotte
(514) 670-8043

275 installations
throughout Canada

9. Solarsystems Industries Ltd.
2-11771 Horseshoe Way
Richmond, British Columbia
V7A 4S5
Attention: Blair Salter
(604) 271-2621

275 installations
throughout British Columbia
and Alberta

10. Solartech Ltd.
39 Cranfield Road
Toronto, Ontario
M4B 3H6
Attention: Craig Samuel
(416) 752-4990

300 installations
in Ontario, Quebec, Nova Scotia
Prince Edward Island, New Brunswic
Newfoundland and Alberta

11. Solcan Ltd.
Sarnia Gravel Road
London, Ontario
Attention: Wade Dobbin
(519) 473-0501

125 installations
in Alberta, Ontario and
Nova Scotia

12. Sol-Way Solar Engineering Ltd.
30-942 Marine Drive S.W.
Vancouver, British Columbia
V6P 5Z2
Attention: J.L. Richardson
(604) 324-3327

25 installations
in British Columbia

13. Southern Exposure Housing and Design Ltd.
Old Maryvale Road
Antigonish, Nova Scotia
Attention: Gerry Connolly
(902) 863-1400

50 installations
in Nova Scotia

14. Sun Quest Conserver Products Ltd.
Site 84, Comp. 13, R.R. 1
Bedford, Nova Scotia
B4A 2W9
Attention: Tom Krausse
(902) 835-9112

100 installations
in Nova Scotia

15.	Sun Ray Solar Systems Ltd. 2429 Seminole Street Windsor, Ontario N8Y 1X2 Attention: Thomas Rossman (519) 253-1182	300 installations throughout Canada
16.	Thermo-Dynamics Ltd. 24 Simmonds Drive Burnside Industrial Park Dartmouth, Nova Scotia B3B 1R3 Attention: P.L. Allen (902) 469-1101	25 installations in Nova Scotia

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/123
November 17, 1983

ASSISTANCE TO OCEAN RANGER FOUNDATION ANNOUNCED

ST. JOHN'S – Energy Minister Jean Chrétien announced today that the Government of Canada will provide the Ocean Ranger Families Foundation with a $15,000 grant this year and in each of the next two years.

"Our contribution will help the Ocean Ranger Families Foundation to continue its important work in Newfoundland," Mr. Chrétien said. "I am particularly pleased that the Foundation plans to broaden its mandate to include monitoring offshore safety and the effect of offshore petroleum development on family life."

The Ocean Ranger, a semi-submersible drilling rig, sank during a storm on February 15, 1982, resulting in the loss of 84 lives. Shortly thereafter, the Ocean Ranger Families Foundation was formed to assist the bereaved families.

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For further information, contact:

Susan Vorner-Kirby
Legal Services
Energy, Mines and Resources Canada
(613) 995-9313

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/129
December 4, 1983

CHRÉTIEN RESPONDS TO AMERICAN PROPOSAL

RICHMOND, QUEBEC – The Honourable Jean Chrétien, Minister of Energy, Mines and Resources, today responded to the U.S. Environmental Protection Agency (EPA) plan to ban key products containing asbestos.

"The Canadian position, which has been supported by responsible ministers in all provinces, is clear and reasonable," the Minister said.

"In general, asbestos mining, manufacturing, transportation and handling do not pose undue risk to workers or the public if regulations placing limits at low level exposures are properly enforced."

It is the view of the Government of Canada that the EPA is adopting a course which is inconsistent with this position. In abandoning the "controlled use" concept, the EPA is departing from the mainstream international approach. Mr. Chrétien emphasized the importance of ensuring that regulations are based on objective and internationally recognized scientific evidence.

The EPA, in addition to its plan to ban some products, is calling for a staged end to the remaining uses of asbestos in manufacturing.

Mr. Chrétien announced today that the Secretary of State for External Affairs Allan MacEachen will raise the asbestos issue at a meeting with American Secretary of State George Shultz in Brussels December 9.

Canada exports 95 per cent of its asbestos fibre, about a third of that to the United States. Total Canadian asbestos exports amounted to $480 million in 1982.

Mr. Chrétien said he was prepared to go to Washington, if necessary, to discuss the issue, which is of crucial importance to the Canadian asbestos industry and its communities.

- 30 -

For more information contact:

Debbie Schertler
Special Assistant to the Minister
Energy, Mines and Resources Canada
(613) 593-5252

Canada

Energy, Mines and Resources Canada Énergie, Mines et Ressources Canada

COMMUNIQUE

83/131
December 8, 1983

NATIONAL ENERGY AUDIT PROGRAM EXTENDED IN B.C.

OTTAWA — Energy Minister Jean Chrétien announced today that the National Energy Audit Program (NEAP) would be extended in British Columbia.

The Minister was commenting on the recent announcement by B.C. Energy Minister Stephen Rogers that the province will not continue its involvement in NEAP when the existing federal-provincial agreement covering this program expires on March 31, 1984.

Mr. Chrétien said NEAP will continue in the province for two more years, until March 31, 1986, with the Government of Canada as sole sponsor.

NEAP helps industrial, commercial and institutional organizations identify areas of energy waste, and plan and undertake corrective measures. The program provides on-site energy audits by means of computer-equipped energy buses. The audit team pinpoints areas of potential savings and outlines steps to improve energy efficiency. The program also provides grants for consulting advice to assist clients to plan projects offering significant energy savings.

Mr. Chrétien said that NEAP has been highly successful in identifying areas where cost-effective energy conservation measures could be implemented.

"There is still considerable energy conservation potential in Canada," the Minister said. "NEAP can continue to make an important contribution to the goal of ensuring that this potential is realized."

Mr. Chrétien also noted that the B.C. government had decided against renewing the Conservation and Renewable Energy Agreement (CREDA) with the Government of Canada when that agreement expires on March 31, 1984. Mr. Chrétien said continuing CREDA in B.C. as a unilateral federal program was under consideration.

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For further information, please contact: Jim Hooke
Energy, Mines and Resources Canada
(613) 995-9447 ext. 262

Canada

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/137
December 21, 1983

NATURAL GAS TO DIVERSIFY THE SAGUENAY-LAC-SAINT-JEAN REGION'S ENERGY ASSETS

OTTAWA – Canada's Energy, Mines and Resources' Minister Jean Chrétien and Members of Parliament from the Saguenay-Lac-Saint-Jean region, Suzanne Beauchamp-Niquet, Marcel Dionne, Pierre Gimaïel and Gilles Marceau, today announced the construction of a new natural gas lateral pipeline to the Saguenay-Lac-Saint-Jean region. The Government of Canada will pay the total cost of this lateral, approximately $225 million.

Gaz Inter-Cité Québec (GICQ) will act as the main contractor for the project, which should be completed in 1984. "This is an excellent example of what can be done to increase Quebec's energy security and stimulate its economic development," Mr. Chrétien said. The new lateral was approved under the Natural Gas Laterals Program (NGLP) which has already provided for natural gas service to be expanded to Shawinigan/Grand-Mère, to the Bécancour industrial park and to Sherbrooke, Granby and in other areas in the Eastern Townships.

The Government of Canada is currently spending hundreds of millions of dollars to ensure that natural gas service becomes available in most regions of Quebec. "We believe that this clean and efficient fuel, of which Canada has abundant reserves, has a role to play in the industrial and energy future of Quebec," Mr. Chrétien said. "The Government of Canada is thus fulfilling its commitment of making natural gas available to Quebec. By doing this, it is also meeting its commitment of expanding markets for Alberta natural gas."

The Minister added: "Many companies have already announced their intention of switching from oil to natural gas." Among the companies are the CIP (in La Tuque), Price Ltd. (in Alma and in Kénogami) and Alcan plants in the area. Added to the projected residential and commercial consumption, these industrial contracts would bring total gas volumes to 65 per cent of the pipeline capacity.

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Mr. Chrétien also noted that the Government of Canada investment and the arrival of natural gas in the Saguenay-Lac-Saint-Jean area would benefit workers and contractors in the region and in the Province. The construction of the new lateral will create 2000 person years of direct employment and many hundreds of person years in indirect employment. Work on the project will begin immediately. This should benefit workers at a time when seasonal employment is low.

Mr. Chrétien mentioned also that the Government of Canada could, under the Distribution System Expansion Program (DSEP), finance a substantial part of the construction cost of gas distribution systems in the cities of the Saguenay-Lac-Saint-Jean area. Construction will generate many hundreds of person years of employment.

New companies will be created and others will expand their operations to provide the various services associated with the arrival of natural gas in the Saguenay-Lac-Saint-Jean area. "Natural gas can help our industries become more productive and this fuel will allow homeowners to make substantial savings in their heating bills," Mr. Chrétien added.

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BACKGROUNDER

NATURAL GAS IN QUEBEC

Natural gas is a relatively new fuel in many regions of Quebec, but it has been available for more than 25 years in the greater Montreal area and in northerwestern parts of the province. Natural gas delivery in these areas coincided with the construction of the TransCanada pipeline system in 1958 that allowed the flow of Alberta natural gas to eastern Canadian markets.

In its energy policies of 1980 and 1982 the Government of Canada gave natural gas a new priority in its off-oil strategy. Canadian gas reserves are plentiful, the cost of gas is advantageous and natural gas is a clean fuel.

This new priority led the federal government to set up a $500 million fund to finance the construction in Quebec of lateral gas lines to the main gas transportation system. Administered by Energy, Mines and Resources Canada, the Natural Gas Laterals Program (NGLP) allowed Gaz Inter-Cité Québec (GICQ) to expand its natural gas transmission system.

The Government of Canada and GICQ must still negotiate a contribution agreement covering the construction of the Saguenay-Lac-Saint-Jean lateral. The agreement will be finalized shortly. Under other specific agreements signed in 1983, the Government has already funded the total construction cost of the laterals that brought natural gas service to Sherbrooke and the Eastern Townships ($65 million) and to the Shawinigan-Grand-Mère and Bécancour areas ($24 million).

The planned federal contribution to the Saguenay-Lac-Saint-Jean lateral would bring to some $315 million the total investment under the NGLP in the construction, in Quebec, of laterals to the trans-Canadian natural gas distribution system.

The NGLP, which remains in effect until 1990, provides in its first phase for construction of seven natural gas laterals by the end of 1985 to bring natural gas service to most of Quebec's major regions.

Natural gas occupies an important place in Canada's energy picture. The total yearly consumption of gas throughout the country amounts to 45 billion cubic metres – the energy equivalent of 44 million cubic metres of oil. In Canada, 44 per cent of all homes are heated by natural gas and, in certain areas, this proportion is much higher. (In Alberta, natural gas heats 85 per cent of all homes.)

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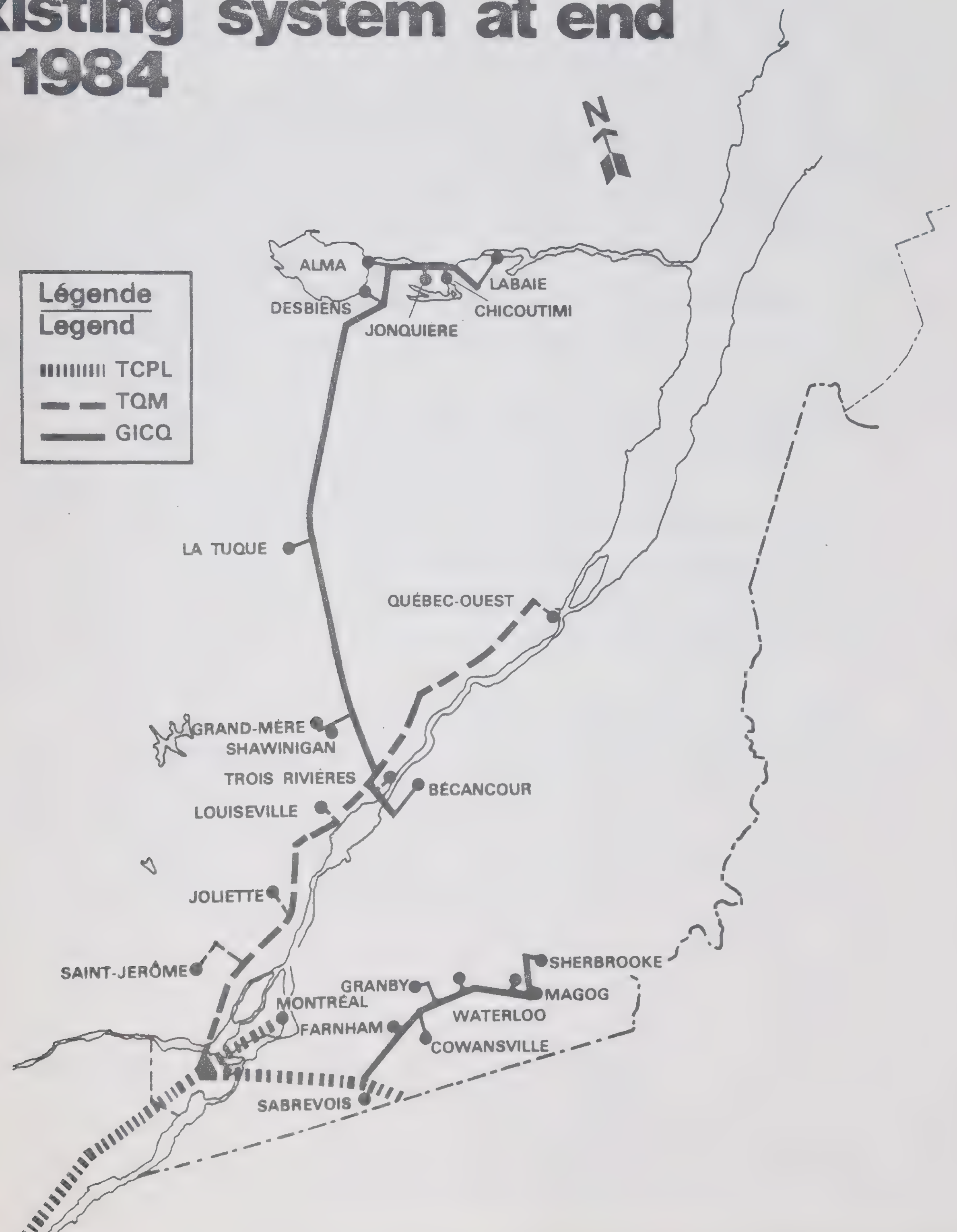
At present, Quebec relies on oil for about 60 per cent of its energy needs. Electric energy accounts for approximately 30 per cent. Since the Government of Canada's energy policies call for the substitution of oil, where possible, natural gas is an obvious option. It is estimated that natural gas will satisfy between 16 and 18 per cent of Quebec's total energy needs by 1990. Natural gas presently accounts for about 10 per cent of Quebec's energy needs.

The Government of Canada has taken steps in the area of taxation to insure that the cost of natural gas remains advantageous. For example, it has already reduced its share of taxes collected on gas and will further reduce it on February 1, 1984. After that date, federal taxes will represent eight cents of the dollar that the natural gas consumer must pay.

Système existant à la fin de 1984

Existing system at end of 1984



Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

83/139
December 22, 1983

ADJUSTMENTS TO NEW OIL REFERENCE PRICE (NORP)

OTTAWA – Energy Minister Jean Chrétien announced today that some additional crude oil will qualify for the New Oil Reference Price (NORP) – effectively the world price. NORP is being extended to oil produced from infill wells drilled within pool boundaries on reduced spacing where it can be demonstrated that there would be incremental production.

"This action will foster an increase in drilling activity and will help maximize the development of oil from reserves that, without world price, would not be produced," the Minister said.

The Minister also announced the completion of a review of the method for determining the prices of different qualities of NORP oil. A revised method of calculating NORP prices will be implemented on January 1, 1984.

The review, carried out with the producing provinces and the petroleum industry, stems from a commitment contained in last summer's Amendment to the Canada/Alberta Memorandum of Agreement on Energy Pricing and Taxation. The objective was to achieve conformity between Canada's new oil prices and the prices of comparable foreign crudes.

New oil prices in any month will be based on prices of equivalent quality foreign crudes during the previous month compared at Montreal. This change eliminates two problems associated with NORP. First, a move away from the use of an average price ensures that NORP prices are more in line with foreign prices. Secondly, the revised method does away with the four- to six-month lag it takes for foreign prices to affect NORP prices received by domestic producers.

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Canada

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

84/04
January 23, 1984

LATEST ESTIMATES OF CANADA'S OIL AND NATURAL GAS RESOURCES

OTTAWA – Energy, Mines and Resources Minister Jean Chrétien today released the Geological Survey of Canada's (GSC) latest estimates of the country's petroleum resources.

For the country as a whole, GSC now estimates (at a 50 per cent probability rate) that conventional oil resources total 5893 million cubic metres, compared to a 1976 estimate of 4770 million cubic metres.* Conventional oil resource estimates do not include the western Canadian oil sands, an enormous energy resource with unique development challenges.

"This new information on our oil resources has turned out to be very encouraging," Mr. Chrétien said. "It has confirmed that Canada continues to have a rich and diverse endowment of energy resources."

The estimates appear in Oil and Natural Gas Resources of Canada 1983, a 59-page booklet published by GSC, describing the geology and resources of the country's petroleum regions. The last summary of petroleum resources by Energy, Mines and Resources Canada was compiled in 1976. New oil and gas discoveries, better information on the resources that await discovery, and improved methods of assessment have led GSC to make substantial revisions in the 1976 estimates. Economic considerations, which will, in part, determine the scope and pace of resource development, are only briefly treated in the booklet.

The sharpest increase in oil resource estimates is for the Eastern Offshore region, and follows the discovery of the Hibernia oil deposit. In 1976, the estimate for the region was 715 million cubic metres (at a 50 per cent probability rate). The latest estimate is 2102 million cubic metres. The oil estimate in the Beaufort Sea-Mackenzie Delta region is now 1464 million cubic metres, compared to 1097 million cubic metres in 1976. In the High Arctic islands, the figures are 762 million cubic metres today, and 604 million cubic metres in 1976.

* One cubic metre of oil equals 6.29 barrels. One cubic metre of gas equals 35.3 cubic feet.

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For the Western Canada Sedimentary Basin, the only major petroleum region now in production, the remaining established reserves and the estimate of undiscovered oil total 1347 million cubic metres today, down from 1860 million cubic metres in 1976.

The estimate of natural gas in the Beaufort Sea-Mackenzie Delta region has increased from 1699 billion cubic metres in 1976 to 2151 billion cubic metres today. In the Eastern Offshore, there was an estimated natural gas increase from 1130 billion cubic metres to 2669 billion cubic metres. In western Canada, there is an increase from 2747 billion cubic metres to 4615 billion cubic metres.

GSC's scientific method of estimating petroleum resources was pioneered by its Institute of Sedimentary and Petroleum Geology in Calgary. The method gives the range of resources that may exist, along with a probability level associated with different parts of that range. The method has been well received by Canada's petroleum industry, and is now internationally recognized as one of the most effective ways of assessing petroleum resources.

In addition to the petroleum resource estimates, Oil and Natural Gas Resources of Canada 1983 provides a description of Canada's petroleum geology that should be of interest to a wide audience. It is available for $4.00 through authorized bookstores, from Supply and Services Canada, and from the GSC in Ottawa, Calgary, and Vancouver.

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BACKGROUNDER

OIL AND NATURAL GAS RESOURCES OF CANADA

Oil and Natural Gas Resources of Canada 1983, published by the Geological Survey of Canada (GSC), summarizes the resources, geology and exploration history of Canada's six petroleum regions. Four regions account for most of the country's oil and gas: the Western Canada Sedimentary Basin, the Eastern Canada Offshore region, the Beaufort Sea-Mackenzie Delta region, and the Arctic Islands region.

For conventional oil resources (conventional oil excludes oil sands), the GSC ranks the Eastern Canada Offshore region highest, with an estimated 2102 million cubic metres* at a 50 per cent probability level. The Beaufort Sea-Mackenzie Delta region ranks second, with an estimated 1464 million cubic metres, followed by the Western Canada Sedimentary Basin, with 1347 million cubic metres (remaining established reserves and estimated potential), and the Arctic Islands region, with an estimated 762 million cubic metres.

For natural gas resources, the GSC ranks the Western Canada Sedimentary Basin the highest, with 4615 billion cubic metres,* followed by the Eastern Canada Offshore region, with an estimated 2669 billion cubic metres, the Arctic Islands region, with an estimated 2618 billion cubic metres, and the Beaufort Sea-Mackenzie Delta region, with an estimated 2151 billion cubic metres.

The GSC's estimates of oil and gas resources are the sum of discovered resources (reserves) and undiscovered resources (potential). The GSC's activities are focussed primarily on the preparation of estimated potential. Reserve estimates were provided by the Canada Oil and Gas Lands Administration (for frontier regions), the National Energy Board (for Western Canada), and the Alberta Energy Resources Conservation Board (for non-conventional resources).

* One cubic metre of oil equals 6.29 barrels; one cubic metre of gas equals 35.3 cubic feet.

The Eastern Offshore Region

In the 1976 estimates of oil and gas resources of the Eastern Offshore region, discovered resources were not identified, but in the new estimates, the contribution of discovered resources is considerable. The best current estimate of discovered oil in the Eastern Canada Offshore region is 225.1 million cubic metres. The major contributor to this figure is Hibernia (on the East Newfoundland Shelf), with 159 million cubic metres. An additional 47.8 million cubic metres of oil have been discovered in other fields in the East Newfoundland Shelf area, at Ben Nevis, Hebron, Nautilus and South Tempest.

The GSC concludes that the highest potential for oil discoveries in the Eastern Offshore is the East Newfoundland (Hibernia) area, which holds an estimated 1128 million cubic metres of the area's total potential of 1877 million cubic metres. (The estimates have a 50 per cent probability rate.)

The best current estimate of gas discovered in the Eastern Offshore region is given as 245.6 billion cubic metres, of which 56.6 billion cubic metres are in the Venture field and an additional 55.1 billion cubic metres are in Scotian Shelf fields. Total discovered Labrador Shelf gas amounts to 77.3 billion cubic metres, of which 43.2 billion cubic metres are in the Bjarni and North Bjarni discoveries. The solution gas of the Hibernia field is considerable (as much gas as the Venture field), but the GSC concludes that the potential for gas is much greater in the Scotian Shelf and Labrador Shelf than in the oil-prone East Newfoundland Shelf area, which includes Hibernia.

The Western Canada Sedimentary Basin

The remaining established reserves of conventional oil in the Western Canada Sedimentary Basin are 753.7 million cubic metres – 600.3 million cubic metres in the Alberta Basin, 108.4 million cubic metres are in the Canadian portion of the Williston Basin, and 44.2 million cubic metres in fields not yet fully delineated in Yukon and the Northwest Territories.

The undiscovered oil of the Basin is estimated by the GSC (at a 50 per cent probability level) to be 593 million cubic metres, most of which (398 million cubic metres) is estimated for the Alberta Basin. The estimate for the Canadian portion of the Williston Basin is 95 million cubic metres.

The total conventional oil resources of the Western Canada Sedimentary Basin (the sum of the remaining established reserves and the estimate of oil yet to be discovered) is 1347 million cubic metres. In 1976 estimates, published by Energy, Mines and Resources Canada, the comparable figure was 1860 million cubic metres. The decline for the most part reflects the production of oil.

The established remaining reserves of conventional natural gas in the Basin are huge, totalling 2110.6 billion cubic metres. Most of the gas (1827.1 billion cubic metres) comes from the Alberta Basin, and a further 226.6 billion cubic metres comes from the Disturbed Belt, a part of the foothills region. The undiscovered natural gas potential of the Western Canada Sedimentary Basin (2504 billion cubic metres) is also concentrated in the Alberta Basin (1817 billion cubic metres) and the Disturbed Belt (425 billion cubic metres).

The Beaufort Sea-Mackenzie Delta Region

For the Beaufort Sea-Mackenzie Delta region, the best current estimate of discovered conventional oil resources is 117.2 million cubic metres. The largest single contribution to this total comes from the Tarsiut field, with 23.8 million cubic metres, followed by Issungnak with 15.9 million cubic metres.

According to GSC, it is unusually difficult to provide figures for discovered resources in the Beaufort-Mackenzie region. As a result, the best current estimates of discovered resources are probably conservative and may be significantly changed by new information.

The undiscovered oil of the region is estimated (at a 50 per cent probability level) to be 1347 million cubic metres. Most of the oil potential of 1271 million cubic metres is in the Richards Island-Beaufort Sea area, which includes Tarsiut, Issungnak and the other offshore fields. The GSC estimates that 76 million cubic metres also await discovery in the South Delta-Tuk Peninsula area, where the onshore Taglu field was discovered.

The best current estimate of discovered natural gas in this region is 286.4 billion cubic metres, most of which comes from the Issungnak, Taglu and Parsons fields.

The estimate of undiscovered natural gas for the region (at a 50 per cent probability level) is 1865 billion cubic metres, consisting of an estimated 144 billion

cubic metres in the South Delta-Tuk Peninsula area (where the onshore Parsons and Taglu fields were discovered), and 1721 billion cubic metres in the Richards Island-Beaufort Sea areas, where Issungnak and other fields have been discovered.

The Arctic Islands Region

Best current estimates for the discovered oil of the Arctic Islands region are set at 76.1 million cubic metres, two-thirds of which (48.7 million cubic metres) is provided by the Cisco field. In the Arctic Islands, there is a minimum of geological information on which to base an assessment; therefore, best current estimates of discovered resources are necessarily conservative. Several hundred more wells would be required for a reliable evaluation of potential.

Undiscovered oil in the region is estimated (at a 50 per cent probability level) to be 686 million cubic metres. Of this total, 426 million cubic metres are estimated for the Sverdrup Basin (in the north of the region where most of the exploration has taken place), and 175 million cubic metres are estimated for the Arctic Stable Platform, a large area in the south of the region.

The best current estimate of the discovered natural gas of the region is 361 billion cubic metres from 17 discoveries, the largest of which is the Drake field, with 98.5 billion cubic metres. The undiscovered gas of the region is estimated at 2257 billion cubic metres, mostly from the Sverdrup Basin.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

84/03
January 19, 1984

ENERGY PROGRAMS CHANGES ANNOUNCED

OTTAWA – Energy Minister Jean Chrétien announced today that two energy programs now operating under agreements with the provinces will be replaced by comprehensive federal programs when the agreements expire March 31, 1984.

The Conservation and Renewable Energy Demonstration Agreements (CREDAs) will be replaced by ENERDEMO-Canada, a new national program. This five-year program will encompass activities such as the Remote Community Demonstration Program (RCDP) and the existing ENERDEMO program in Quebec.

The program will have a budget of more than $80 million to support the kinds of activities funded through these programs.

"Instead of Conservation and Renewable Energy Demonstration Agreements with some provinces and the territories, the Government of Canada's commitment to demonstration projects relating to alternative energy and energy conservation will be concentrated in a single national program," Mr. Chrétien said.

The second agreement affected by today's announcement is the National Energy Audit Program (NEAP), which provides on-site energy audits and consulting advice grants to business firms and institutions interested in saving energy.

NEAP will be replaced by a new energy audit program which will continue to provide energy information and advice, but which will be more fully integrated with other related federal initiatives.

The Minister said that NEAP has been successful, but that it will be more effective by being linked to other initiatives to encourage efficient end-use energy management in the industrial and commercial sectors.

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"We have worked well with provincial and territorial governments through NEAP and the CREDAs," said the Minister. "However, the application of these programs has been uneven across the country. The Government of Canada sees a need for truly national initiatives, drawing together existing resources and ensuring uniform delivery everywhere in Canada." Mr. Chrétien emphasized that the Government of Canada will work closely with provincial and territorial governments on those projects of mutual interest.

"Alternative energy and energy demand management remain high priorities with the Government of Canada," the Minister said. "One means of addressing our concerns about oil supplies over the long term is to develop these energy options. ENERDEMO-Canada and NEAP will both contribute to that goal."

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Attachment: Backgrounder

BACKGROUNDER

ENERDEMO-CANADA

1. OBJECTIVES

- to develop and demonstrate promising new technologies and applications that exploit alternative energy resources, conserve energy or make its use more efficient;
- to develop broad public awareness of the potential of alternative energy and conservation technologies;
- to create employment in new or existing industries; and
- to accelerate acceptance and commercialization of demonstrated technologies.

2. NATURE OF PROGRAM

The demonstration of new technologies or techniques in practical situations is often an essential step in gaining widespread deployment through commercialization and acceptance by consumers. Demonstration of new technologies is often costly and frequently carries substantial commercial risk (even when the technology has been well developed). ENERDEMO-Canada will encourage this important stage in the process of achieving technological change.

ENERDEMO-Canada will be able to assist all sectors of the economy, including industry, consultants, associations, educational institutions, federal, provincial and territorial governments and agencies, voluntary and nonprofit organizations, communities, cooperatives and individuals.

Proposals will be evaluated according to the following criteria: energy impact, technical soundness, commercial viability, potential for replication, the applicant's competence, and the applicant's financial participation. Also

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considered will be the demonstration's contribution toward the government's objectives in energy, job creation, industrial development, and environmental quality. Technology transfer is an integral part of each project. Approval of a project is contingent upon an approved information dissemination and technology transfer plan.

3. HISTORY

Conservation and Renewable Energy Demonstration Agreements (CREDAs) were put in place in 1979-80 in British Columbia, Saskatchewan, Manitoba, Ontario, New Brunswick, Newfoundland, Yukon and the Northwest Territories. Three hundred projects have been approved with about $40 million in federal funds committed. A CREDA agreement with Quebec was not concluded. In its place, an equivalent five-year, $29-million federal program, entitled ENERDEMO, was announced in June 1983.

Federal delivery of a demonstration program in Prince Edward Island was initiated in 1981 with a budget of $6.35 million, as a follow-on to an earlier federal-provincial agreement initiated in 1976.

The Remote Community Demonstration Program, announced in 1982, was designed to help remote communities achieve lower long-term energy costs, greater energy self-reliance and, in some cases, increased levels of electrical service. To date more than 70 communities have received financial support.

Activities under these programs will continue under ENERDEMO-Canada. Funds remaining in these programs plus $39.5 million in new funds will constitute the budget for ENERDEMO-Canada. The funding allocations to Quebec, Prince Edward Island, and the remote communities will be maintained.

In Yukon and the Northwest Territories, all projects which would have been eligible under CREDA or RCDP will be eligible for federal ENERDEMO funding.

NEAP

The National Energy Audit Program (NEAP), is a multi-faceted program designed to assist industrial, commercial and institutional organizations conserve energy and reduce operating costs. An extension of the National Energy Bus Program implemented in 1978, NEAP provides on-site analysis of energy use and assistance in implementing measures to improve energy efficiency.

The Program offers several services designed to promote energy conservation and to assist industrial, commercial and institutional organizations (i.e. churches, schools, hospitals) to improve their energy efficiency and reduce operating costs. The principal service is an on-site energy audit which identifies the energy consumption patterns of the facility and pinpoints areas of potential energy savings. Grants are available to energy audit clients who wish to contract the services of professional consultants to help plan and implement projects that promise significant energy savings. Seminars and workshops on energy conservation are also offered under NEAP.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

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N 2/6

84/05
February 1, 1984

WHOLESALE NATURAL GAS PRICES REMAIN STABLE

A number of changes in the component prices making up the wholesale price of Alberta's natural gas sold in interprovincial trade come into effect February 1, 1984. The changes offset each other, and gas prices will remain stable.

The price of Alberta's natural gas sold in Saskatchewan, Manitoba, Ontario and Quebec is governed by agreement between the Governments of Canada and Alberta. The prevailing agreement was reached in September 1981 and amended June 1983. Canada has ample resources of natural gas and gas is priced under those agreements so as to encourage its use in preference to oil. The pricing commitment to consumers is that the wholesale price of gas will be equal to 65 per cent of the price of crude oil at the refinery gate (the Refinery Acquisition Cost of oil). This price ratio is set in the most eastern domestic market area (called the Eastern Zone, stretching from southwestern Ontario to Quebec City), and an even more attractive gas/oil price relationship exists in the more westerly markets.

Since September 1981, Canada has maintained the 65 per cent price ratio by adjustment of the Natural Gas and Gas Liquids Tax (NGGLT). Over the past year the rate of tax has been falling and in anticipation of the NGGLT reaching zero, the June 1983 Amending Agreement provides for continued maintenance of the 65 per cent relationship through the adjustment of the price of gas at the Alberta/Saskatchewan border (the Alberta Border Price). The price and tax changes effective February 1, 1984 reflect Canada's and Alberta's commitment to the 65 per cent ratio.

These changes are:

i) The wholesale price of gas in the Eastern Zone falls by three-tenths of a cent per gigajoule from $3.86066 to $3.85763. This slight change occurs because of a small drop in the Toronto Refinery Acquisition Cost (TRAC) of crude oil. The Toronto or Eastern Zone wholesale price of natural gas is 65 per cent of TRAC.

ii) The Alberta Border Price rises by $0.15635 per gigajoule to $2.79001 per gigajoule. In order to maintain the gas/oil price ratio this increase is less than the scheduled $0.23301 per gigajoule set out in the September 1981 pricing agreement. The Alberta Border Price, adjusted for transportation costs in Alberta, is the price received by gas producers. As a result of this price increase, their revenues will rise by some $160 million a year.

Canada

iii) The NGGLT falls to zero from the previous rate of 15 cents per gigajoule. Oil prices, and therefore the Toronto wholesale price of gas, have stabilized since the summer of 1982, and the Alberta Border Price of gas has risen semi-annually as was scheduled. This then, is the third consecutive reduction in the NGGLT that has been made by Canada to maintain the 65 per cent ratio. The tax has dropped 63 cents per gigajoule since February 1, 1983.

iv) TransCanada PipeLines Ltd. (TCPL) tolls, or charges, for firm gas deliveries from Alberta to markets in Saskatchewan, Manitoba, Ontario and Quebec have not changed from the rates in effect since last August. However, Canada and Alberta agreed last summer that the determination of the Alberta Border Price would be based on a toll to the Eastern Zone no greater than 105 per cent of the toll prevailing June 1983. Currently TCPL's toll is 0.939 cents per gigajoule greater than that threshold level, and to ensure the 65 per cent price ratio is maintained the federal government where necessary will be subsidizing transportation costs by the above amount, beginning February 1, 1984. This will be achieved through direct payments to gas distributors under the Natural Gas Transportation Assistance Program.

The Provinces of British Columbia and Alberta consume their own gas, and their prices are not established by the Government of Canada. However, these provinces will benefit from the 15 cents per gigajoule reduction in the federal tax.

Attached is a table showing how the federal government has maintained stable natural gas prices since September 1, 1982.

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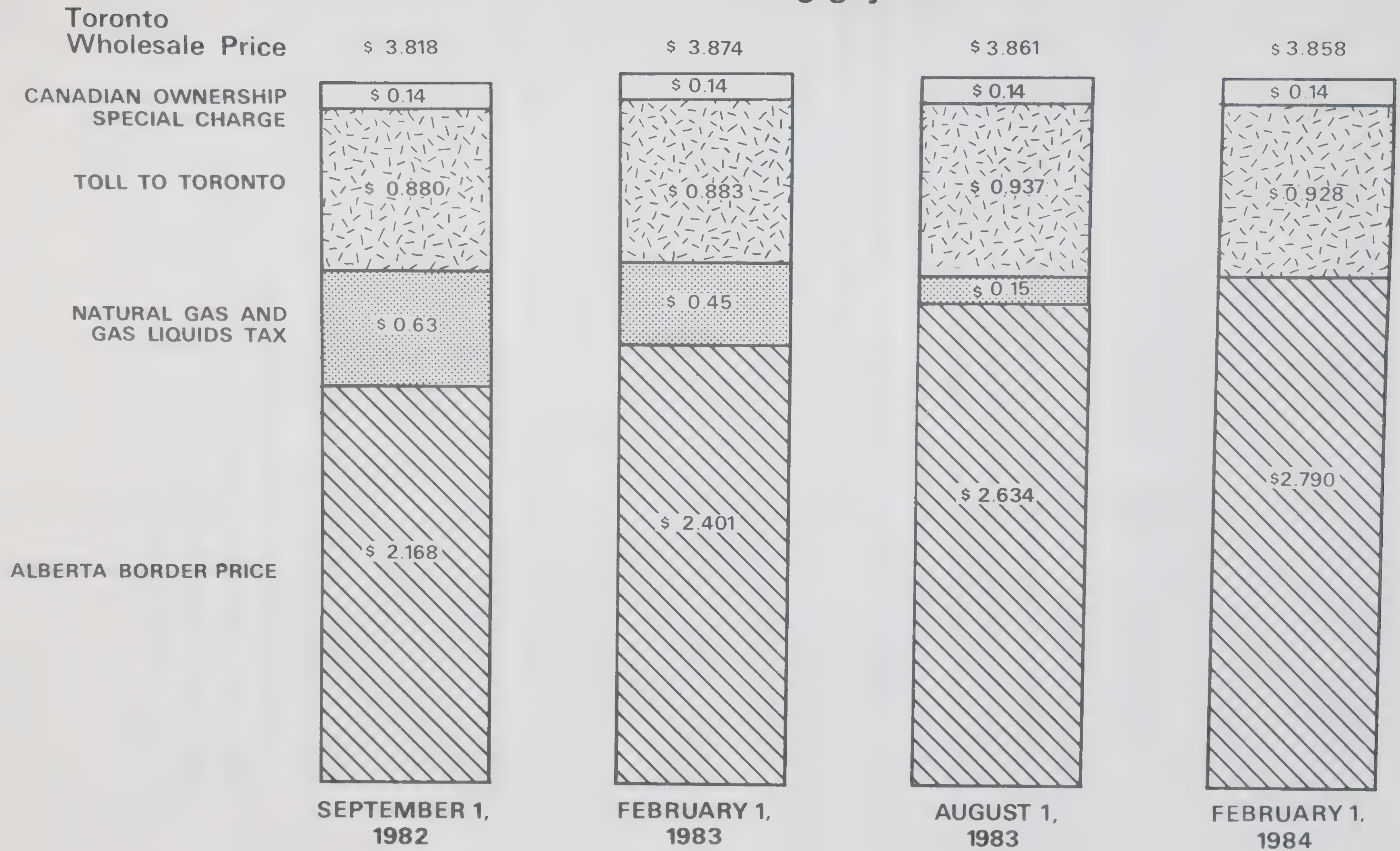
Natural Gas Prices

$/gigajoule



Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

COMMUNIQUE

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FOR RELEASE
9:00 a.m. CST

84/07
February 3, 1984

CANADA-SASKATCHEWAN AGREEMENT ON ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION

SASKATOON – Canada's Minister of Energy, Jean Chrétien, and Saskatchewan's Minister of Energy and Mines, Paul Schoenhals, today announced a five-year agreement aimed at the expanded development and use of Saskatchewan fossil-fuel resources.

The Heavy Oil/Fossil Fuels Research, Development and Demonstration Program will be funded equally by the Canadian and Saskatchewan governments, with each contributing $15 million over the next five years. The agreement ends in March 1988, but could be extended by mutual consent.

The new program is concerned with the research, development and demonstration (R,D&D) of new technologies that will promote the recovery and utilization of Saskatchewan's fossil-fuel resources, with particular emphasis on heavy oil.

Mr. Schoenhals stated "the new program marks an important step in developing Saskatchewan based expertise that can lead the way in solving the technical problems associated with the recovery of much of our heavy oil resource".

"This agreement is yet another significant step towards energy self-sufficiency for Canada, "Mr. Chrétien said. "Saskatchewan's fossil fuels are very important to the energy future of our country and to Saskatchewan's overall economic development. So the agreement serves both parties. I am very pleased that we have reached the agreement with the same spirit of cooperation that has marked recent negotiations between the federal and provincial governments."

"This agreement will also give a boost to business in the province", Mr. Schoenhals said. "Saskatchewan firms will be directly and indirectly involved in the research, and the people of the province will be the overall beneficiaries."

The Saskatchewan government will administer the Program under the general direction and supervision of a federal-provincial management committee, composed of two representatives from Saskatchewan Energy and Mines, and two representatives from Energy, Mines and Resources Canada.

Canada

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The management committee is required to evaluate the effectiveness of the Program within three years of its signing to ensure that it meets the objectives of both the Canadian and Saskatchewan governments.

- 30 -

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BACKGROUNDER

The Heavy Oil/Fossil Fuels Research, Development and Demonstration Program is part of the "Letter of Understanding relating to Energy Pricing and Taxation", that was signed by the Governments of Canada and Saskatchewan in October 1981.

The Letter of Understanding covers a wide range of provisions, including revised formulae for oil pricing, a plan for heavy crude oil facilities, and the adjustment of Saskatchewan's royalty and tax regimes.

The Research, Development and Demonstration (R,D&D) Program follows logically from the importance that heavy crude oil, in particular, plays in Saskatchewan's and Canada's energy future. The province holds vast heavy crude oil potential.

At the moment, recovery techniques for heavy crude are costly. The R,D&D Program will support applied research and development, as well as field demonstrations, to ensure that more economical means of extracting and upgrading the crude oil will be developed within Saskatchewan's research community.

Canada needs the heavy crude resource. The conventional sources of light oil from the Western Sedimentary Basin will be reduced steadily in the coming decade, and the need for new domestic sources in becoming increasingly urgent. New techniques for the large-scale, enhanced recovery of heavy crude must be undertaken. The R,D&D Program is a significant step forward in the development of these new techniques.

The Program will focus on:

- An R&D laboratory program which will support applied research and development projects in various research agencies;
- A demonstration program that will support field demonstrations, pilot projects, and other projects involving the industry.

Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

COMMUNIQUE

84/08
February 3, 1984

MANAGEMENT AGREEMENT REACHED ON HEAVY OIL UPGRADER

SASKATOON — Agreement on the management aspects of a Saskatchewan heavy oil upgrading plant, supported jointly by the Governments of Canada and Saskatchewan, was announced today by Canada's Energy Minister Jean Chrétien and Saskatchewan's Minister of Energy, Paul Schoenhals.

The agreement spells out a "mutually acceptable" procedure for the management of NewGrade Energy Inc., a joint creation of the Government of Canada, the Government of Saskatchewan and the Consumers' Co-operative Refineries Limited (CCRL) — a wholly-owned subsidiary of Federated Co-operatives Limited (FCL). NewGrade Energy Inc. will own and operate the upgrader plant.

Under the terms of the agreement, first announced in August 1983, the Government of Canada will fund 40 per cent of the cost of Phase One of the project up to a maximum of $4 million. Phase One is already under way and involves a feasibility study to determine whether construction and operation of such a heavy oil plant is a viable undertaking.

The proposed upgrader will require an investment of up to $600 million, providing peak employment of 1300 in 1986. It will be linked to CCRL's Regina refinery, which will use some of the 7946 cubic metres (50 000 barrels) of upgraded oil produced daily.

Eighty permanent jobs will be created at the upgrader itself, and it is expected that an additional 300 new jobs will be created in the Saskatchewan oil industry by the increased demand for heavy crude.

The upgrader project is the second major energy joint venture involving the Government of Canada and the cooperative movement. Federated Cooperatives, also played a central role in the establishment of the first venture, the operating oil and gas company Co-enerco.

The Government of Canada has undertaken to provide loan guarantees for up to 35 per cent of the cost of the upgrader facility when it is constructed. Saskatchewan will provide a similar amount of loan guarantees, in addition to taking an equity position in the project.

Canada

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After start-up, Canada will provide continuing support for the project by providing access to international quality differentials on the crude oil processed in the facility.

Activity in the development of heavy oil reserves in western Canada is expected to increase significantly over the next years, in order to provide feedstock for the upgrader.

Processing the heavy oil within the domestic refinery system will result in a lessening of Canadian dependence on imported oil, thereby increasing energy security, and self-sufficiency.

Finally, the project increases Canadian participation in this area of the petroleum industry.

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Energy, Mines and Resources Canada Énergie, Mines et Ressources Canada

COMMUNIQUE

84/10
February 9, 1984

SUPER ENERGY-EFFICIENT HOUSING DEMONSTRATION PROGRAM EXTENDED

OTTAWA — The Super Energy-Efficient Home Program (SEE) will be extended for another seven years, Energy Minister Jean Chrétien announced today.

Under the SEE program, which commenced in 1980, homes are being built to the R-2000 standard, which reduces space heating costs by as much as 80 per cent when compared to conventional housing. The program is administered by Energy, Mines and Resources Canada in cooperation with the Housing and Urban Development Association of Canada (HUDAC) and the Provincial Home Builders Association of Quebec.

"In extending the program by seven years, with a new total budget of $50 million, the government is recognizing that additional work is needed to refine and transfer the cost-effective energy-saving construction techniques to the entire building industry," Mr. Chrétien said.

Details of the expanded program will be developed with HUDAC, to ensure that the appropriate balance is struck between activities designed to support industry development and those to increase public knowledge and demand for such housing.

The 300 R-2000 homes being built under the current phase of the program have incorporated such energy-saving features as higher levels of insulation, mechanical ventilation and heat-recovery systems, high-efficiency space and water heaters and carefully sealed air vapour barriers. In addition to the 300 builders who received subsidies for building R-2000 homes, another 1200 builders were trained in the design, construction and marketing of energy-efficient housing.

"This program is serving our national energy objectives both by assisting industry development and by creating consumer demand for extremely energy-efficient housing," the Minister said. "By working closely with the building industry and by demonstrating such housing to the public, the program will support the continued evolution of construction practices without the need for large-scale government expenditure."

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For more information:

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Special Assistant to the Minister
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Canada

Attachment: Backgrounder

BACKGROUNDER
SUPER ENERGY-EFFICIENT HOUSING

Canadians considering the purchase of a new home now have an opportunity to realize substantial savings in household operating costs, thanks to vastly improved construction practices related to energy efficiency.

Under the Super Energy-Efficient Home Program (SEE), homes are being built in Canada that are designed to reduce space-heating costs by 60 to 80 per cent, and the cost of energy used for hot water, appliances and lighting by up to 50 per cent. By March 31, 1984, 300 demonstration homes will have been constructed throughout Canada.

The SEE program is administered by Energy, Mines and Resources Canada in cooperation with the Housing and Urban Development Association of Canada (HUDAC) and the Provincial Home Builders Association of Quebec.

How are the SEE units, known as R-2000 homes, able to achieve such high levels of energy efficiency?

A typical R-2000 home contains twice the insulation of an average new home on the Canadian housing market. Not only are there large quantities of insulation in the walls and attic, but also in the basement and even in the doors.

The R-2000 home also makes use of airtight construction techniques. Its inner walls are wrapped with a polyethylene vapour barrier, which effectively prevents drafts and ensures that moisture does not enter the walls. Weather-stripping is generously applied to seal doors and windows, and air-lock vestibules are often installed to sharply reduce any drafts that might be created by open doors.

R-2000 homes also must incorporate a mechanical ventilation system that provides more fresh air than is required and allows preheating of the fresh air before distributing it throughout the house. The ventilation requirements for R-2000 homes are set to ensure that more fresh air is provided than is available in most new, well-constructed housing units.

Abundant amounts of insulation and airtight construction mean the R-2000 home can make use of a smaller-than-average, highly efficient heating system. As a further contribution to low fuel consumption and adequate air quality, R-2000 homes incorporate air-to-air heat exchangers, which preheat incoming fresh air by transferring heat from outgoing stale air.

The windows of the R-2000 home are improved double or even triple glazed and are often concentrated on the south side of the unit to take maximum advantage of passive solar gains.

Other important components of the R-2000 home are energy-efficient appliances and lighting systems. The home contains appliances with particularly low energy consumption ratings, appliances that are labelled under the Government of Canada's Energuide Program. Fluorescent lighting is used wherever possible – particularly in kitchen, laundry and work areas – because it uses up to 60 per cent less energy than conventional lighting.

All future R-2000 homes in Canada will incorporate careful construction by builders specially trained in implementing super energy-efficient building technology. The result will be a new standard of comfort, lasting value and low energy costs in Canadian housing.

Home buyers who purchase an R-2000 home, or demand equivalent standards in homes they have built for them, can be assured of significant savings for energy. They will also be contributing to energy conservation and helping ensure that Canada reaches its goal of energy self-sufficiency.

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COMMUNIQUE

84/11
February 14, 1984

CONFERENCE TO EXAMINE FUTURE OF MINERAL INDUSTRY

OTTAWA – More than 400 delegates and observers are expected to attend the second Canadian Mineral Outlook Conference to be held here May 15, at the Government Conference Centre. The conference will focus on the state and future of the mineral industry.

Mines Minister William Rompkey, noting that the first such conference, in May, 1983, drew together senior representatives of industry and government, added: "It is important that Canada have a forum where the industry and government can discuss the future outlook."

The morning session of the one-day conference will focus on the international mining scene: the world economic picture, the implications for Canada's mineral exports of changing world markets, the resource policies of foreign governments, and international development policies that assist Third World countries in mineral production.

The afternoon session will look at the prospects for the major sectors of Canada's mining industry. Speakers will consider the outlook for ferrous and nonferrous metals, for precious metals, and for the energy minerals – coal and uranium. Participants will also look at the likely impact of new materials, such as superplastics and ceramics, on traditional mineral markets.

Mr. Rompkey said that it is important for industry and governments, both federal and provincial, to have a common perception of the conditions facing mining companies. This will help to ensure that government policies set an operating environment that will allow the industry to make its optimum contribution to the country. Mr. Rompkey hopes to meet provincial Ministers of Mines the day after the conference, May 16, to discuss the outlook for the industry and the mineral policies that governments should adopt.

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COMMUNIQUE

84/13
March 8, 1984

NOTE TO EDITORS

URANIUM RESOURCE ESTIMATES RELEASED

Estimates of Canada's uranium resources for 1982 remained essentially unchanged from those of 1980, according to a report released today by Energy Minister Jean Chrétien.

However, the report says economic conditions facing the industry have changed greatly during the past few years as production costs continued to rise without corresponding increases in uranium prices. As a result, a smaller portion of Canada's uranium resources is of current economic interest.

The report, entitled "Uranium in Canada: 1982 Assessment of Supply and Requirements", indicates that total resources in the measured, indicated and inferred categories amount to 573 000 tonnes of uranium. Just over 10 per cent of this uranium will be required domestically during the next 30 years to fuel the more than 15 000 megawatts of nuclear power capacity now operating or committed for operation in Canada by 1993.

The report states that in 1982 seven uranium producers in Canada, directly employing some 5000 people, produced concentrates containing 8075 tonnes of uranium. Based on currently committed expansion plans, Canada's projected annual production capability could grow to some 12 000 tonnes of uranium by 1986.

Canadian producers shipped 7643 tonnes of uranium valued at some $838 million in 1982. As of January 1, 1983, outstanding uranium export commitments amounted to 60 000 tonnes or roughly 10 per cent of the total Canadian uranium resources mentioned above. Japan has been Canada's most important single customer in the past decade, receiving about 34 per cent of Canada's total exports since 1972. Most of the remaining exports have gone to the European Economic Community (33 per cent), other countries in Western Europe (18 per cent), and the United States (15 per cent).

Reference is also made in the report to the substantial efforts in uranium exploration that have been maintained, especially in northern Saskatchewan, where two-thirds of the $71 million total exploration expenditures of 1982 were incurred. This continued effort has led to the discovery of a number of important deposits

- more -

over the past few years which could be developed if market conditions improve. It is estimated that total Canadian production capability could reach 15 000 tonnes of uranium annually by the mid-1990s.

Canada is a leading supplier of uranium to the world's uranium markets. Its significant potential for additional discoveries, together with the experience of over 40 years of uranium production, ensures that it will remain a reliable long-term supplier well into the next century.

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Énergie, Mines et Ressources Canada

COMMUNIQUE

84/17
March 12, 1984

1.3 MILLION ADDITIONAL HOMES NOW ELIGIBLE FOR INSULATION GRANTS

OTTAWA – Energy Minister Jean Chrétien today announced a change to the Canadian Home Insulation Program (CHIP) that will allow homes across Canada built before September 1, 1977 to qualify for the program grants.

The change announced today will be retroactive to March 1, 1984 and will affect more than 1.3 million homes in New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. Previously, only homes built before January 1, 1971 in these provinces were eligible for grants.

Homes built before January 1, 1977 in Nova Scotia and Prince Edward Island, and before September 1, 1977 in Newfoundland, the Yukon and the Northwest Territories, have been eligible for CHIP grants for some time. There will be no change in eligibility criteria in these areas.

"The change in eligibility reaffirms the government's commitment to reducing energy demand in the residential sector, and will provide the stimulus required to spur the insulation industry," Mr. Chrétien said.

The new CHIP date brings the total number of eligible homes across Canada to 7.2 million. CHIP means between 18 000 and 20 000 jobs for the insulation industry.

Appropriate insulation and draftproofing are among the best home improvement investments a householder can make. Many Canadians have reduced their home heating costs by as much as 40 per cent with assistance from CHIP.

The taxable grants will pay up to $500 for 60 per cent of the material costs for householders who complete the insulation and draftproofing themselves, or 60 per cent of the combined material and labour costs for improvements completed by a contractor listed with the Canadian General Standards Board (CGSB). CGSB-listed contractors certify to their clients that their work complies with national standards.

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Improvements eligible for CHIP assistance include the insulation of attics, exterior walls, basement walls and floors over unheated spaces as well as draftproofing of the home by the installation of weatherstripping and caulking materials.

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BACKGROUNDER

CANADIAN HOME INSULATION PROGRAM (CHIP)

HISTORY

The Canadian Home Insulation Program was initiated in 1977. Its objectives are to encourage Canadians to insulate their homes and by so doing to save money and reduce Canadian energy demand. Specifically, the program was to reduce space heating requirements of existing dwellings by 30 per cent, in 70 per cent of the pre-1977 housing stock.

The program has been expanded since 1977 to broaden the list of eligible expenditures, to raise the amount of the grant and to increase the number of eligible homes.

UPTAKE

From inception of the program to February 29, 1984 the Government of Canada has provided 2.1 million grants totalling $810 million. A table giving the breakdown is attached.

CANADIAN HOME INSULATION PROGRAM REPORT AS OF: FEBRUARY 29, 1984

PROVINCE	PROGRAM ACTIVITY			HOUSING UNITS		
	Cheques Issued since 77	% of Eligible Units	Total Grants Issued since 77 (dollars)	Currently Eligible	Eligible After Change to 77	Added
NFLD.	79 189	59	27 888 779	135 100	135 100	0**
N.B.	57 122	37	23 907 057	153 400	189 200	35 80
N.S.	211 381*	91	71 122 968	232 625	232 625	0**
P.E.I.	29 874*	89	10 005 637	33 500	33 500	0**
QUEBEC	464 543	30	183 237 832	1 569 600	1 891 500	321 90
ONTARIO	846 367	39	313 329 477	2 187 300	2 722 700	535 40
MANITOBA	87 161	31	33 269 756	280 800	341 100	60 30
SASK.	88 840	34	33 202 623	262 100	299 500	37 40
ALBERTA	140 437	31	53 732 531	453 700	585 200	131 50
B.C.	149 700	24	59 193 638	648 800	846 000	197 20
N.W.T.	1 375	19	599 421	15 900	15 900	0**
YUKON	1 603		624 696			
CANADA	2 157 592	36	810 114 415	5 972 825	7 292 325	1 319 50

Dollars may not add to total shown due to rounding.

* N.S. and P.E.I. data includes activity under the Home Insulation Program (1977 - 1981).
** Housing built before 1977 is already eligible.

Energy, Mines and Resources Canada
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COMMUNIQUE

EMBARGOED UNTIL
5:00 P.M. EST

84/14
February 24, 1984

CHRÉTIEN, ZAOZIRNY ANNOUNCE ELK POINT OIL SANDS PROJECT

CALGARY – Federal Energy Minister Jean Chrétien and Alberta Energy Minister John Zaozirny today announced that agreement has been reached with Amoco Canada Petroleum Company Limited on the fiscal and royalty terms for a thermal oil sands recovery project to be undertaken by Amoco near Elk Point, about 165 km east of Edmonton.

At a news conference attended by Norman J. Rubash, President of Amoco Canada, the two energy ministers said that the company's project represents a significant step in the development of Canadian crude oil resources and makes an important contribution to the country's job creation initiatives. "This project, along with the Wolf Lake and Cold Lake projects begun last year, will help to stimulate energy industry activities," Mr. Chrétien said.

Minister Zaozirny added, "Not only will the Elk Point project generate welcome economic activity in Alberta and other parts of Canada, it will also create a significant number of jobs."

The two ministers extended their congratulations to Amoco Canada for its decision to proceed.

They noted that under the terms of the agreement, Alberta's royalty regime will provide for reduced royalty payments until capital costs have been recovered by the developer. The federal government will provide earned depletion allowance and relief from the Petroleum and Gas Revenue Tax (PGRT) as announced in the April 1983 federal budget. The effect of the federal tax relief measure will be that the project will not pay PGRT until its capital costs have been recovered. Amoco will receive the New Oil Reference Price, or in effect world price, for Elk Point oil. The project is subject to Alberta regulatory approvals.

It is estimated that roughly 350 construction jobs will be created in the region during the first phase and that ultimately there will be 300 permanent positions available.

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BACKGROUNDER
ELK POINT OIL SANDS PROJECT

The project is designed to extract an estimated 24 million cubic metres (152 million barrels) of recoverable oil sands bitumen from the Lower Cummings formation of the Mannville group, which lies at a depth of about 650 metres. During 1984, Amoco will undertake a development program to include the drilling of 60 wells, construction of a steam injection facility, and a crude-oil cleaning facility. Estimated expenditures by Amoco for this first phase are expected to be approximately $50 million. Thereafter, the scope of the project will depend upon the operator's periodic assessments of technical and economic feasibility. Over the life of the project, Amoco estimates that more than 1000 wells may be drilled and that expenditures could amount to $1.8 billion.

It is estimated that roughly 350 construction jobs will be created in the region during the first phase and that ultimately there will be 300 permanent positions available. Additional jobs will be generated in the manufacturing and service sectors. Alberta's drilling and drilling services industries will be major beneficiaries of the project.

Production from the subterranean deposit will involve the application to the reservoir of various steam-drive thermal recovery techniques. A test of these techniques will be conducted in late 1984 before proceeding to field application.

Based on preliminary estimates, daily bitumen production is projected to increase gradually to a peak of 4200 cubic metres (26 600 barrels) per day in 1995. The rate is then estimated to remain at about 3500 cubic metres (22 000 barrels) per day for approximately nine years. Thereafter, production will decline, but forecasts indicate that the project as now conceived could generate bitumen production until 2010 and beyond.

Although the Canadian market may in the future be capable of absorbing the project's total production, as well as other heavy oil being developed in the area, this is unlikely to occur for the next eight to 10 years. On the other hand, refiners in the United States have expressed a keen interest in competitively priced heavy crude oil from Canada. For these reasons, plans call for Elk Point production that is surplus to Canadian requirements to be exported to the United States.

Energy, Mines and Resources Canada
Énergie, Mines et Ressources Canada

COMMUNIQUE

85/37

March 28, 1985

FEDERAL GOVERNMENT AND PRODUCING PROVINCES ANNOUNCE THE WESTERN ACCORD

OTTAWA — The governments of Canada and the energy-producing provinces of Saskatchewan, Alberta and British Columbia have reached a comprehensive oil and natural gas agreement designed to revitalize the Canadian energy industry, Energy, Mines and Resources Minister Pat Carney announced today.

The agreement — The Western Accord — calls for the total deregulation of Canadian crude oil pricing and marketing, takes steps to make the natural gas industry more market-oriented, and eliminates a number of federal oil and gas taxes or charges, including the Petroleum and Gas Revenue Tax (PGRT), the Petroleum Compensation Charge (PCC), and the Canadian Ownership Special Charge (COSC).

"This is truly an important day for Canada," Miss Carney said. "This agreement continues the excellent spirit of federal-provincial cooperation which began with the election of the Mulroney government in September 1984 and continued with the signing last month in St. John's of the Atlantic Accord. Today, we take the spirit of St. John's one giant step further."

The federal minister, who reached an agreement with her western counterparts earlier this week, said the end to controversial energy taxes, and deregulation beginning June 1, 1985, will produce jobs and economic growth throughout the country. She added that this Accord fulfils the commitments made by the Progressive Conservative Party during the federal election.

A key element of the Accord will be the deregulation of crude oil prices. This will provide an environment which will allow consumers to take advantage of decreasing oil prices. These oil prices were frozen at an artificially high level under the old administered pricing system.

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A second key element of this Accord is the phasing out of the PGRT on existing production and its elimination from new production and projects. "This will mean large-scale reinvestment in Canada," Miss Carney added. "And under the terms of the Western Accord, the federal government and those of the producing provinces expect such reinvestment to occur. To ensure that it does, we will be monitoring industry performance very carefully."

Another important tax measure in the Accord will permit companies in a nonprofit position — which are mainly Canadian — to compete on a more equal footing with the multinational corporations. They will be allowed to offset unused new exploration and development expenditures against the PGRT. In addition, the existing $500 000 small producers' credit will be supplemented by the introduction of an exemption for individuals of $10 000 of resource income from the PGRT.

Miss Carney said that Canadian consumers will be protected from the volatility of the international markets. If world prices escalate rapidly, or if security of supply is threatened, the federal government, in consultation with the producing provinces, would take appropriate measures to protect Canadian interests.

For consumers, the Minister said the Western Accord maintains natural gas prices at their present level pending the introduction of a new domestic gas pricing regime which will be in place by next November. A joint task force of senior government officials will be appointed to work closely with industry and consumers to finalize the new pricing system.

Miss Carney also said the Petroleum Incentives Program, which provides cash incentives to petroleum companies exploring for oil and gas, will be phased out by next year. The Government of Canada will consult with the maritime provinces and Territorial governments on appropriate royalty incentives to help spur frontier petroleum investment. All outstanding commitments made under PIP will be honoured through 'grandfathering' provisions.

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NEWS RELEASE

Energy, Mines and Resources Canada / Énergie, Mines et Ressources Canada

87/178
July 16, 1987

MARCEL MASSE RELEASES NATIONAL ENERGY BOARD REPORT

OTTAWA – The Honourable Marcel Masse, Minister of Energy, Mines and Resources, today released a report by a panel of the National Energy Board on the regulation of electricity exports.

As a part of the Government of Canada's comprehensive strategy on regulatory reform, Mr. Masse asked the NEB last September to review and report on the federal regulation of electricity exports. During the fall the NEB held public hearings at which representations were made from all parts of Canada. The report summarizes the opinions of the parties involved and submits alternatives to the Minister. It does not make any recommendations.

"The report evaluates the options open to the Government of Canada," Mr. Masse said. He added that he intended to study the report and consult his cabinet colleagues before announcing any changes.

Electricity exports have grown substantially over the past two decades. In 1967 Canada was a net importer of electricity. Exports in that year were 4066 gigawatt hours and imports were 4142 gigawatt hours. By 1986 exports had grown to 35 271 gigawatt hours and imports had declined to only 235 gigawatt hours. As a result, Canada's 1986 trade surplus in electricity was more than $1 billion.

This growth in exports is expected to continue, and the anticipated changes in both the number and variety of export applications was one of the reasons for the NEB inquiry. In his letter to the NEB last September, the Minister asked that existing export licensing procedures be reviewed with a view to streamlining and shortening the regulatory process. The Minister also called for a review of the procedures that apply to the certification of international transmission lines.

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Several elements of the Government of Canada's regulatory reform strategy apply to electricity exports. "In particular, regulatory procedures should be simplified so as to increase public participation in the regulatory process," the Minister said. He added that regulatory delays and overlap with provincial regulation must be reduced.

Mr. Masse emphasized that any reform of electricity export regulation would no compromise the primary responsibility of the NEB, which is to ensure that exports are in th Canadian public interest.

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Energy, Mines and Resources Canada | Énergie, Mines et Ressources Canada

News Release

94/40
May 18, 1994

McLELLAN ANNOUNCES RELEASE OF NATIONAL ENERGY BOARD REPORT ON LONG-TERM LICENSING OF OIL SANDS PRODUCTION EXPORTS

OTTAWA Anne McLellan, federal Minister of Natural Resources (NRCan), today announced the release of a report by the National Energy Board (NEB) that reviews the effectiveness of the regulatory process applied to long-term exports of Canadian oil sands production.

"This report presents a good overview of the issues concerning the regulation of exports of oil sands production," Ms. McLellan noted. "I intend to review this report carefully over the coming months with a view to determining how impediments to investment can be reduced. This will encourage the continuing development of our oil sands resources so as to sustain jobs for Canadians and economic growth for Canada."

Production from Canada's oil sands consists of bitumen from wells and synthetic crude from the two integrated surface mining plants.

In 1993, the plants employed 6,000 and produced approximately 238,000 barrels per day of synthetic crude oil.

This regulatory review began in May 1993 at the request of the then Minister of Energy, Mines and Resources. In August 1993, the NEB distributed a discussion paper outlining options for changing the regulatory process. The report released today summarizes the comments of interested parties, the regulatory options and the views of the NEB on those options.

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Canada

For a copy of the Report, please contact:

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